

CHAPTER 215—H.F.No. 1671

An act relating to the financing and operation of state and local government; making supplemental appropriations, reductions in appropriations, and funds transfers for higher education, environment and natural resources, energy and commerce, agriculture, veterans affairs, economic development, transportation, public safety, judiciary, and state government; modifying certain statutory provisions and laws; providing for certain programs; fixing, authorizing, modifying, and limiting fees and assessments; modifying mineral fund provisions; creating certain accounts; modifying calculation of state aids and credits for local government; requiring reports; requiring rulemaking; appropriating money; amending Minnesota Statutes 2008, sections 4.51; 16B.04, subdivision 2; 16B.48, subdivision 2; 80A.46; 115A.15, subdivision 6; 116L.17, subdivision 2; 116U.26; 136A.1701, subdivisions 4, 7; 136A.29, subdivision 9; 136A.69, subdivisions 1, 3, 4; 141.255; 161.04, by adding a subdivision; 273.1384, by adding a subdivision; 297I.06, subdivision 3; 326B.148, subdivision 1; 471.6175, subdivision 4; 477A.013, subdivision 9; 477A.03, subdivisions 2a, 2b; 611A.32, subdivision 2; 626.8458, subdivision 5; 641.12, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 16A.152, subdivision 2; 16A.82; 45.30, subdivision 6; 115C.08, subdivision 4; 136A.121, subdivision 9; 136F.98, subdivision 1; 154.002; 154.003; 155A.23, by adding a subdivision; 155A.24, subdivision 2, by adding subdivisions; 155A.25; 190.19, subdivision 2a; 270C.145; 273.111, subdivision 9; 275.70, subdivision 5; 289A.08, subdivision 16; 298.294; 477A.011, subdivision 36; Laws 2008, chapter 366, article 2, section 12; Laws 2009, chapter 78, article 1, section 3, subdivision 2; article 7, section 2; Laws 2009, chapter 83, article 1, sections 10, subdivision 4; 11; 14, subdivision 2; Laws 2009, chapter 94, article 3, section 2, subdivision 3; Laws 2009, chapter 95, article 1, sections 3, subdivisions 6, 12, 21; 5, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2008, sections 13.721, subdivision 4; 103G.705, subdivision 2; 136A.1701, subdivision 5; 136A.69, subdivision 2; 141.255, subdivision 3; 221.0355, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18; 477A.03, subdivision 5; Laws 2009, chapter 88, article 12, section 21.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1**SUMMARY****Section 1. GENERAL FUND SUMMARY.**

The amounts shown in this section summarize general fund direct appropriations, cancellations, and transfers into the general fund from other funds, made in this act.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>Higher Education</u>	\$ <u>1,427,000</u>	\$ <u>(48,427,000)</u>	\$ <u>(47,000,000)</u>
<u>Environment and Natural Resources</u>	<u>(5,300,000)</u>	<u>(7,457,000)</u>	<u>(12,757,000)</u>
<u>Energy</u>	<u>(890,000)</u>	<u>(322,000)</u>	<u>(1,212,000)</u>
<u>Agriculture</u>	<u>(2,780,000)</u>	<u>(3,374,000)</u>	<u>(5,754,000)</u>
<u>Veterans Affairs</u>	<u>-0-</u>	<u>200,000</u>	<u>200,000</u>
<u>Economic Development</u>	<u>(2,531,000)</u>	<u>(4,589,000)</u>	<u>(7,120,000)</u>
<u>Transportation</u>	<u>-0-</u>	<u>(14,650,000)</u>	<u>(14,650,000)</u>
<u>Public Safety</u>	<u>(8,043,000)</u>	<u>(14,608,000)</u>	<u>(22,651,000)</u>
<u>State Government</u>	<u>(3,545,000)</u>	<u>(2,345,000)</u>	<u>(5,890,000)</u>
<u>Tax Aids and Credits</u>	<u>-0-</u>	<u>(111,279,000)</u>	<u>(111,279,000)</u>
<u>Subtotal of Appropriations</u>	<u>(21,662,000)</u>	<u>(206,851,000)</u>	<u>(228,513,000)</u>
<u>Transfers In</u>	<u>20,482,000</u>	<u>34,684,000</u>	<u>55,166,000</u>
<u>Total</u>	<u>\$ (42,144,000)</u>	<u>\$ (241,535,000)</u>	<u>\$ (283,679,000)</u>

ARTICLE 2

HIGHER EDUCATION

Section 1. SUMMARY OF APPROPRIATIONS.

Subdivision 1. Summary Total. The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	\$ <u>1,427,000</u>	\$ <u>(48,427,000)</u>	\$ <u>(47,000,000)</u>

Subd. 2. Summary by Agency - All Funds. The amounts shown in this subdivision summarize direct appropriations, by agency, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>Minnesota Office of Higher Education</u>	\$ <u>1,427,000</u>	\$ <u>(1,840,000)</u>	\$ <u>(413,000)</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>	<u>-0-</u>	<u>(10,467,000)</u>	<u>(10,467,000)</u>
<u>Board of Regents of the University of Minnesota</u>	<u>-0-</u>	<u>(36,120,000)</u>	<u>(36,120,000)</u>
<u>Total</u>	<u>\$ 1,427,000</u>	<u>\$ (48,427,000)</u>	<u>\$ (47,000,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 95, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 **2011**

Sec. 3. **OFFICE OF HIGHER EDUCATION**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>1,427,000</u>	<u>\$</u>	<u>(1,840,000)</u>
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. State Work-Study</u>		<u>-0-</u>		<u>(1,768,000)</u>
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This is a onetime reduction.

<u>Subd. 3. Technical and Community College Emergency Grants</u>		<u>-0-</u>		<u>(50,000)</u>
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<u>Subd. 4. Interstate Tuition Reciprocity</u>		<u>1,487,000</u>		<u>264,000</u>
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This is a onetime appropriation.

<u>Subd. 5. Agency Administration</u>		<u>(60,000)</u>		<u>(81,000)</u>
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<u>Subd. 6. MnLink Gateway and Minitex</u>		<u>-0-</u>		<u>(205,000)</u>
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This is a onetime reduction.

Sec. 4. **BOARD OF TRUSTEES OF THE
MINNESOTA STATE COLLEGES AND
UNIVERSITIES**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>(10,467,000)</u>
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

The Board of Trustees must make a good-faith effort to make the reductions required by this section at campuses and the central office in a manner that minimizes reductions related to providing direct services to students and that maximizes reductions for administrative services not providing direct services to students.

Subd. 2. Central Office and Shared Services Unit

-0- (500,000)

Subd. 3. Operations and Maintenance

-0- (9,967,000)

For fiscal years 2012 and 2013, the base for operations and maintenance is \$592,792,000 each year.

Subd. 4. Cook County Higher Education

\$40,000 in fiscal year 2010 and \$40,000 in fiscal year 2011 appropriated by Laws 2009, chapter 95, article 1, section 4, to the board of trustees for operations and maintenance are for Cook County higher education. This subdivision is effective the day following final enactment.

Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

\$ -0- \$ (36,120,000)

The amounts that must be reduced or added for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance

-0- (32,223,000)

This reduction is from operations and maintenance. The Board of Regents must make a good-faith effort to make the reductions required by this section in a manner that minimizes reductions related to providing direct services to students and that maximizes reductions for administrative

services not providing direct services to students. The Board of Regents is requested to consider, if feasible, making voluntary for its lowest paid employees any furlough program designed to meet budget shortfalls.

For fiscal years 2012 and 2013, the base for operations and maintenance is \$578,370,000 each year.

Subd. 3. Special Appropriations

(a) Agriculture and Extension Service -0- (2,787,000)

(b) Health Sciences -0- (281,000)

\$18,000 in fiscal year 2011 is a reduction to the appropriation to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program.

Of the appropriation in Laws 2009, chapter 95, article 1, section 5, subdivision 5, paragraph (b), for Health Sciences, \$645,000 each year is for graduate family medicine education programs at Hennepin County Medical Center.

(c) Institute of Technology -0- (74,000)

(d) System Special -0- (328,000)

(e) University of Minnesota and Mayo Foundation Partnership -0- (427,000)

Sec. 6. Minnesota Statutes 2009 Supplement, section 136A.121, subdivision 9, is amended to read:

Subd. 9. **Awards.** An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for ~~nine~~ eight semesters or the equivalent, excluding courses taken from a Minnesota school or postsecondary institution which is not participating in the state grant program and from which a student transferred no credit. A student who withdraws from enrollment for active military service, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility. A student enrolled in a two-year program at a four-year institution is only eligible for the tuition and fee maximums established by law for two-year institutions.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2008, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such terms and conditions as the office may prescribe. ~~The~~ Under the SELF IV program, the principal amount of a loan to an undergraduate student for a single academic year shall not exceed \$6,000 for grade levels 1 and 2 effective July 1, 2006, through June 30, 2007. Effective July 1, 2007, the principal amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006 \$7,500 per grade level. The aggregate principal amount of all loans made ~~under this section~~ subject to this paragraph to an undergraduate student shall not exceed ~~\$34,500 through June 30, 2007, and \$37,500 after June 30, 2007.~~ The principal amount of a loan to a graduate student for a single academic year shall not exceed \$9,000. The aggregate principal amount of all loans made ~~under this section~~ subject to this paragraph to a student as an undergraduate and graduate student shall not exceed ~~\$52,500 through June 30, 2007, and \$55,500 after June 30, 2007.~~ The amount of the loan may not exceed the cost of attendance less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (b).

(b) The cumulative undergraduate borrowing maximums for SELF IV loans are:

(1) ~~effective July 1, 2006, through June 30, 2007:~~

(i) ~~grade level 1, \$6,000;~~

(ii) ~~grade level 2, \$12,000;~~

(iii) ~~grade level 3, \$19,500;~~

(iv) ~~grade level 4, \$27,000, and~~

(v) ~~grade level 5, \$34,500, and~~

(2) ~~effective July 1, 2007:~~

(i) ~~grade level 1, \$7,500;~~

(ii) ~~(2) grade level 2, \$15,000;~~

(iii) ~~(3) grade level 3, \$22,500;~~

(iv) ~~(4) grade level 4, \$30,000; and~~

(v) ~~(5) grade level 5, \$37,500.~~

(c) The principal amount of a SELF V or subsequent phase loan to students enrolled in a bachelor's degree program, postbaccalaureate, or graduate program must not exceed \$10,000 per grade level. For all other eligible students, the principal amount of the loan must not exceed \$7,500 per grade level. The aggregate principal amount of all loans made subject to this paragraph to a student as an undergraduate and graduate student must not exceed \$70,000. The amount of the loan must not exceed the cost of attendance less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (d).

(d)(1) The cumulative borrowing maximums for SELF V loans and subsequent phases for students enrolled in a bachelor's degree program or postbaccalaureate program are:

- (i) grade level 1, \$10,000;
- (ii) grade level 2, \$20,000;
- (iii) grade level 3, \$30,000;
- (iv) grade level 4, \$40,000; and
- (v) grade level 5, \$50,000.

(2) For graduate level students, the borrowing limit is \$10,000 per nine-month academic year, with a cumulative maximum for all SELF debt of \$70,000.

(3) For all other eligible students, the cumulative borrowing maximums for SELF V loans and subsequent phases are:

- (i) grade level 1, \$7,500;
- (ii) grade level 2, \$15,000;
- (iii) grade level 3, \$22,500;
- (iv) grade level 4, \$30,000; and
- (v) grade level 5, \$37,500.

Sec. 8. Minnesota Statutes 2008, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures for loans made under this section, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less.

(b) For SELF IV loans ~~from phases after SELF III~~, eligible students with aggregate principal loan balances from all SELF phases that are less than \$18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF IV loans ~~from phases after SELF III~~, eligible students with aggregate principal loan balances from all SELF phases of \$18,750 or greater shall have a repayment period not exceeding 15 years from the eligible student's graduation or termination date. For SELF IV loans ~~from phases after SELF III~~, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.

(c) For SELF loans from phases after SELF IV, eligible students with aggregate principal loan balances from all SELF phases that are:

(1) less than \$20,000, must have a repayment period not exceeding ten years from the eligible student's graduation or termination date;

(2) \$20,000 up to \$40,000, must have a repayment period not exceeding 15 years from the eligible student's graduation or termination date; and

(3) \$40,000 or greater, must have a repayment period not exceeding 20 years from the eligible student's graduation or termination date. For SELF loans from phases

after SELF IV, the loans must enter repayment no later than nine years after the first disbursement date of the loan.

Sec. 9. Minnesota Statutes 2008, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$950,000,000~~ \$1,300,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Minnesota Statutes 2008, section 136A.69, subdivision 1, is amended to read:

Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge ~~\$1,100 for initial registration fees and \$950 for annual renewal fees;~~ the fees listed in paragraphs (b) and (c) for new registrations.

(b) A new school offering no more than one degree at each level during its first year must pay registration fees for each applicable level in the following amounts:

<u>associate degree</u>	<u>\$2,000</u>
<u>baccalaureate degree</u>	<u>\$2,500</u>
<u>master's degree</u>	<u>\$3,000</u>
<u>doctorate degree</u>	<u>\$3,500</u>

(c) A new school that will offer more than one degree per level during its first year must pay registration fees in an amount equal to the fee for the first degree at each degree level under paragraph (b), plus fees for each additional nondegree program or degree as follows:

<u>nondegree program</u>	<u>\$250</u>
<u>additional associate degree</u>	<u>\$250</u>
<u>additional baccalaureate degree</u>	<u>\$500</u>
<u>additional master's degree</u>	<u>\$750</u>
<u>additional doctorate degree</u>	<u>\$1,000</u>

(d) The annual renewal registration fee is \$1,200.

Sec. 11. Minnesota Statutes 2008, section 136A.69, subdivision 3, is amended to read:

Subd. 3. **Degree or nondegree program addition fee.** The office processing ~~fee~~ fees for adding a degree or nondegree program ~~that represents a significant departure in the objectives, content, or method of delivery of degree or nondegree programs that are currently offered by the school is \$500 per degree or nondegree program;~~ are as follows:

<u>nondegree program that is part of existing degree</u>	<u>-0-</u>
<u>nondegree program that is not a part of an existing degree</u>	<u>\$250 each</u>
<u>majors, specializations, emphasis areas, concentrations, and other similar areas of emphasis</u>	<u>\$250 each</u>
<u>associate degrees</u>	<u>\$500 each</u>
<u>baccalaureate degrees</u>	<u>\$500 each</u>
<u>master's degrees</u>	<u>\$750 each</u>
<u>doctorate degrees</u>	<u>\$2,000 each</u>

Sec. 12. Minnesota Statutes 2008, section 136A.69, subdivision 4, is amended to read:

Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised degree or nondegree program, the office shall be reimbursed for the expenses incurred related to the review as follows:

- (1) ~~\$300~~ \$400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;
- (2) \$300 for each day or part thereof on site per team member; and
- (3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Sec. 13. Minnesota Statutes 2009 Supplement, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State Colleges and Universities or a successor may issue revenue bonds under sections 136F.90 to 136F.97 whose aggregate principal amount at any time may not exceed ~~\$200,000,000~~ \$300,000,000, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, parking purposes, or for any other similar revenue-producing building or buildings of such type and character as the board finds desirable for the good and benefit of the state colleges and universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee about the facilities to be financed by the bonds.

Sec. 14. Minnesota Statutes 2008, section 141.255, is amended to read:

141.255 FEES.

Subdivision 1. **Initial licensure fee.** The office processing fee for an initial licensure application is:

- (1) ~~\$1,500~~ \$2,500 for a school that will offer no more than one program during its first year of operation;

(2) \$750 for a school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and

~~(2) \$2,000 for a school that will offer two or more nondegree level programs~~

(3) \$2,500, plus \$500 for each additional program offered by the school, for a school during its first year of operation; and

~~(3) \$2,500 for a school that will offer two or more degree level programs during its first year of operation.~~

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

~~(1) for a category A school, as determined by the office, the fee is \$865 if the school offers one program or \$1,150 if the school offers two or more programs, and~~

~~(2) for a category B or C school, as determined by the office, the fee is \$430 if the school offers one program or \$575 if the school offers two or more programs.~~

(1) for a school that offers one program, the license renewal fee is \$1,150;

(2) for a school that offers more than one program, the license renewal fee is \$1,150, plus \$200 for each additional program with a maximum renewal licensing fee of \$2,000;

(3) for a school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is \$750; and

(4) for a school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is \$750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day, not to exceed \$3,000, shall be assessed.

~~Subd. 3. **Degree level addition fee.** The office processing fee for adding a degree level to an existing program is \$2,000 per program.~~

Subd. 4. **Program addition fee.** The office processing fee for adding a program that represents a significant departure in the objectives, content, or method of delivery of programs to those that are currently offered by the school is \$500 per program.

Subd. 5. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

(1) ~~\$300~~ \$400 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;

(2) \$300 for each day or part thereof on site per team member; and

(3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 6. **Modification fee.** The fee for modification of any existing program is \$100 and is due if there is:

(1) an increase or decrease of 25 percent or more, from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Subd. 7. **Solicitor permit fee.** The solicitor permit fee is \$350 and must be paid annually.

Subd. 8. **Multiple location fee.** Schools wishing to operate at multiple locations must pay:

(1) \$250 per location, for locations two to five ~~locations~~; and

(2) an additional ~~\$50~~ \$100 for each location over five.

Subd. 9. **Student transcript fee.** The fee for a student transcript requested from a closed school whose records are held by the office is ~~\$10~~ \$15, with a maximum of five transcripts per request.

Subd. 10. **Public office documents; copies.** The ~~office shall establish rates~~ rate for copies of any public office document shall be 50 cents per page.

Sec. 15. Laws 2009, chapter 95, article 1, section 3, subdivision 6, is amended to read:

Subd. 6. Achieve Scholarship Program	4,350,000	4,350,000
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For scholarships under Minnesota Statutes, section 136A.127. The office shall transfer the appropriation for fiscal year 2011 to the appropriation for state grants.

For fiscal years 2012 and 2013, the base for the Achieve Scholarship Program is \$2,350,000 each year.

Sec. 16. Laws 2009, chapter 95, article 1, section 3, subdivision 12, is amended to read:

Subd. 12. Technical and Community College Emergency Grants	150,000	150,000
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For transfer to the financial aid offices at each of the colleges of the Minnesota State Colleges and Universities to provide emergency aid grants to technical and community college students who are experiencing extraordinary economic circumstances that may result in the students dropping out of school without completing the term or their program. This is a onetime appropriation.

Sec. 17. Laws 2009, chapter 95, article 1, section 3, subdivision 21, is amended to read:

Subd. 21. Transfers

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the achieve scholarship appropriation, the public safety officers' survivors appropriation, the get ready program, and the Minnesota college savings plan appropriation. Transfers from the state grant, child care, or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs of the senate and house of representatives committees with jurisdiction over higher education finance.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. Laws 2009, chapter 95, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance	550,345,000	604,239,000
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(a) This appropriation includes funding for operation and maintenance of the system.

(b) The Board of Regents shall submit expenditure reduction plans by March 15, 2010, to the committees of the legislature with responsibility for higher education finance to achieve the 2012-2013 base established in this section. The plan must focus on protecting direct instruction.

(c) Appropriations under this subdivision may be used for a new scholarship under Minnesota Statutes, section 137.0225, to complement the University's Founders scholarship.

(d) This appropriation includes amounts for an Ojibwe Indian language program on the Duluth campus.

(e) This appropriation includes money for the Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs.

(f) This appropriation includes money for the Veterinary Diagnostic Laboratory to preserve accreditation.

(g) This appropriation includes money in fiscal year 2010 for a onetime grant to the Minnesota Wildlife Rehabilitation Center ~~for their uncompensated expenses in an amount equal to the loan balance as of March 11, 2010, for expenses related to the center's move from the campus.~~

(h) For fiscal years 2012 and 2013, the base for operations and maintenance is \$596,930,000 each year.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. OFFICE OF HIGHER EDUCATION CARRY FORWARD.

Notwithstanding Minnesota Statutes, section 136A.233, subdivision 1, or 136A.125, subdivision 7, the Office of Higher Education may carry forward from fiscal year 2010 to fiscal year 2011 money allocated to an institution for the child care and work study programs that exceed the actual need and were refunded to the office. Notwithstanding Minnesota Statutes, section 136A.125, subdivision 4c, money carried forward for the child care program in fiscal year 2011 may be used to expand the number of recipients in the program.

Sec. 20. ACHIEVE SCHOLARSHIP PROGRAM FISCAL YEAR 2011 MODIFICATIONS.

(a) Notwithstanding Minnesota Statutes, section 136A.127, for achieve scholarship awards in fiscal year 2011, the achieve scholarship program shall be modified as provided in this section.

(b) Awards shall only be made to students who have an assigned family responsibility of zero.

(c) An award shall be for \$1,200 per academic year for all recipients unless reduced under this section.

(d) A first round of awards shall be made to students for which the Office of Higher Education has received a complete application by August 31, 2010. If there are insufficient appropriations to make full awards to each student, all awards under this paragraph shall be reduced by an equal amount sufficient to meet the insufficiency.

(e) If appropriations remain after the first round, awards shall be made on a first-come, first-served basis.

<u>General</u>	<u>(352,000)</u>	<u>(1,164,000)</u>
<u>Environmental</u>	<u>-0-</u>	<u>535,000</u>

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

In order to leverage nonstate money or to address high priority needs identified by the commissioner, the commissioner may shift appropriations in Laws 2009, chapter 37, article 1, section 3, available in one fiscal year to the other fiscal year within each program. Any adjustments made under this paragraph do not affect the agency base for the programs affected.

<u>Subd. 2. Water</u>	<u>(257,000)</u>	<u>(407,000)</u>
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Appropriations by Fund

<u>General</u>	<u>(257,000)</u>	<u>(942,000)</u>
<u>Environmental</u>	<u>-0-</u>	<u>535,000</u>

The commissioner shall recover the cost of attorney general services related to environmental assessment worksheets from the project proposers.

\$485,000 in 2011 is a reduction in the appropriation for general water program operations.

\$9,000 in 2010 and \$21,000 in 2011 are reductions in the appropriations for community technical assistance and education.

\$485,000 in 2011 is appropriated from the environmental fund for attorney general costs in water program operations.

\$77,000 in 2010 and \$181,000 in 2011 are reductions in the appropriations for the clean water partnership program.

\$71,000 in 2010 and \$205,000 in 2011 are reductions in the appropriations for the county feedlot grant program.

\$100,000 in 2010 is a reduction in the appropriation for stormwater compliance grants.

\$50,000 in 2011 is a reduction in the appropriation for grants to the Red River Watershed Management Board for the river watch program.

\$50,000 in 2011 is appropriated from the environmental fund for grants to the Red River Watershed Management Board for the river watch program.

Subd. 3. Environmental Assistance and Cross-Media

(47,000) (109,000)

Subd. 4. Administrative Support

(48,000) (113,000)

Subd. 6. Transfers In

(a) The amounts appropriated from the agency indirect costs account in the special revenue fund are reduced by \$328,000 in fiscal year 2010 and \$462,000 in fiscal year 2011, and those amounts must be transferred to the general fund by June 30, 2011. The appropriation reductions are onetime.

(b) The commissioner of management and budget shall transfer \$8,000,000 in fiscal year 2011 from the closed landfill investment fund in Minnesota Statutes, section 115B.421, to the general fund. The commissioner shall transfer \$4,000,000 on July 1, 2013, and \$4,000,000 on July 1, 2014, from the general fund to the closed landfill investment fund. For the July 1, 2014, transfer to the closed landfill investment fund, the commissioner shall determine the total amount of interest and other earnings that would have accrued to the fund if the transfers to the general fund under this paragraph had not been made and add this amount to the transfer. The amounts necessary for these transfers are appropriated from the general fund in the fiscal years specified for the transfers.

Sec. 4. NATURAL RESOURCES

Subdivision 1. Total Appropriation

\$ (2,008,000) \$ (4,439,000)

The appropriation additions or reductions for each purpose are shown in the following subdivisions.

In order to leverage nonstate money, or to address high priority needs identified by the commissioner, the commissioner may shift appropriations in Laws 2009, chapter 37, article 1, section 4, available in one fiscal year to the other fiscal year within each program. Any adjustments made under this paragraph do not affect the agency base for the programs affected.

Subd. 2. Lands and Minerals

(168,000)

(388,000)

\$101,000 in 2010 and \$237,000 in 2011 are reductions in the appropriations for land and mineral resources management operations.

\$61,000 in 2010 and \$91,000 in 2011 are reductions in the appropriations for the iron ore cooperative research program.

\$6,000 in 2010 and \$6,000 in 2011 are reductions in the appropriations for minerals cooperative research.

\$54,000 in 2011 is a reduction in the appropriations for issuing mining permits in Laws 2009, chapter 88, article 12, section 22.

Subd. 3. Water Resource Management

(422,000)

(644,000)

\$268,000 in 2010 and \$626,000 in 2011 are reductions in the appropriations for water resource management operations.

\$7,000 in 2011 is a reduction in the appropriation for grants to the Mississippi Headwaters Board.

\$154,000 in 2010 and \$11,000 in 2011 are reductions in the appropriation for the Red River flood damage reduction grants.

Subd. 4. Forest Management

(670,000)

(1,404,000)

\$587,000 in 2010 and \$1,295,000 in 2011 are reductions in the appropriations for forest management. Of this amount, \$88,000 in 2010 and \$132,000 in 2011 are onetime.

\$72,000 in 2010 and \$72,000 in 2011 are reductions in the appropriations for prevention costs of emergency firefighting.

\$11,000 in 2010 and \$17,000 in 2011 are reductions in the appropriations for the FORIST system.

\$20,000 in 2011 is a reduction in the appropriation for grants to the Forest Resources Council.

Subd. 5. Parks and Trails Management (420,000) (980,000)

\$420,000 in 2010 and \$980,000 in 2011 are reductions in the appropriations for parks and trails management.

Subd. 6. Fish and Wildlife Management -0- (225,000)

\$225,000 in 2011 is a reduction in the appropriation for wildlife health programs.

Subd. 7. Ecological Services (131,000) (307,000)

\$103,000 in 2010 and \$241,000 in 2011 are reductions in the appropriations for ecological services operations.

\$28,000 in 2010 and \$66,000 in 2011 are reductions in the appropriations for the prevention of the spread of invasive species.

Subd. 8. Enforcement (135,000) (345,000)

The commissioner shall reduce overtime before laying off enforcement staff.

Subd. 9. Operations Support (62,000) (146,000)

Subd. 10. Transfers In

(a) By June 30, 2010, the commissioner of management and budget shall transfer any remaining balance, estimated to be \$98,000, from the stream protection and improvement fund under Minnesota Statutes, section 103G.705, to the general fund. Beginning in fiscal year 2011, all repayment of loans made and administrative fees assessed under Minnesota Statutes, section 103G.705,

estimated to be \$195,000 in 2011, must be transferred to the general fund.

(b) The balance of surcharges on criminal and traffic offenders, estimated to be \$900,000, and credited to the game and fish fund under Minnesota Statutes, section 357.021, subdivision 7, and collected before June 30, 2010, must be transferred to the general fund.

(c) The appropriation in Laws 2007, First Special Session chapter 2, article 1, section 5, for cost-share flood programs in southeastern Minnesota is reduced by \$335,000 and that amount is canceled to the general fund.

(d) Before June 30, 2011, the commissioner of management and budget shall transfer \$1,000,000 from the fleet management account in the special revenue fund established under Minnesota Statutes, section 84.0856, to the general fund.

Sec. 5. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. Total Appropriation

\$ (591,000) \$ (1,363,000)

The appropriation additions or reductions for each purpose are specified in the following subdivisions.

Notwithstanding Minnesota Statutes, sections 103B.3369 and 103C.501, in order to leverage nonstate money or to address high-priority needs identified by board resolution, the board may shift appropriations in Laws 2009, chapter 37, article 1, section 5, available in one fiscal year to the other fiscal year within a program. Any appropriations for grants in Laws 2009, chapter 37, article 1, section 5, that are carried forward from fiscal year 2010 to fiscal year 2011 are available for natural resources block grants to local governments and general purpose grants to soil and water conservation districts. Any adjustments made under this paragraph do not affect the agency base for the programs affected.

Subd. 2. Appropriation Reductions

\$71,000 in 2010 and \$167,000 in 2011 are reductions in the appropriations for administration.

\$20,000 in 2010 and \$46,000 in 2011 are reductions in the appropriation for Wetland Conservation Act oversight.

\$160,000 in 2010 and \$374,000 in 2011 are reductions in the appropriations for natural resources block grants to local governments.

\$135,000 in 2010 and \$315,000 in 2011 are reductions in the appropriations for general purpose grants to soil and water conservation districts.

\$38,000 in 2010 and \$90,000 in 2011 are reductions in the appropriations for cost-share grants to soil and water conservation districts.

\$137,000 in 2010 and \$187,000 in 2011 are reductions in cost-share grants to establish and maintain riparian vegetative buffers.

\$19,000 in 2010 and \$45,000 in 2011 are reductions in the appropriations for feedlot water quality grants.

\$11,000 in 2010 and \$17,000 in 2011 are reductions in the appropriation for assistance to local drainage officials.

\$100,000 in 2011 is a reduction in the appropriation for cost-share grants for drainage records modernization.

\$6,000 in 2011 is a reduction in the appropriation for the grant to the Red River Basin Commission.

\$6,000 in 2011 is a reduction in the appropriation for the grant to the Minnesota River Basin Joint Powers Board.

\$10,000 in 2011 is a reduction in the appropriation for a grant to Area II, Minnesota River Basin Projects for flood plain management.

Subd. 3. Carryforward Cancellations

(a) Clean Water Legacy

The appropriation in Laws 2007, chapter 57, article 1, section 5, for clean water legacy programs and grants is reduced by \$775,000 and that amount is canceled to the general fund.

(b) Cost-Share Vegetations Buffer Grants

The appropriation in Laws 2007, chapter 57, article 1, section 5, for grants for establishing and maintaining vegetation buffers is reduced by \$100,000 and that amount is canceled to the general fund.

(c) Cost-Share Grants

The appropriation in Laws 2007, chapter 57, article 1, section 5, for grants for cost-sharing contract for erosion control and water quality management is reduced by \$250,000 and that amount is canceled to the general fund.

(d) SE Flood Transfer Funds

The appropriation in Laws 2007, First Special Session chapter 2, article 1, section 8, transferred to the appropriation in Laws 2007, First Special Session chapter 2, article 1, section 6, subdivision 3, for cost-share flood programs is reduced by \$628,000 and that amount is canceled to the general fund.

(e) Cost-Share South East Flood

The appropriation in Laws 2008, chapter 363, article 5, section 5, for cost-share flood work is reduced by \$50,000 and that amount is canceled to the general fund.

Subd. 4. Returned Grants

Beginning July 1, 2010, all returned grant money originating from general fund grant programs will be deposited into individual accounts in the special revenue fund and held for eventual transfer back to the general fund. On December 15, 2010, and on December 15 of each year thereafter, \$310,000 of the receipts in this special revenue fund will be transferred to the general fund. If less than \$310,000 is available on the transfer date, an

Sec. 5. CANCELLATIONS; DEPARTMENT OF COMMERCE

Subdivision 1. E-85 Grants

The appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, as amended by Laws 2008, chapter 363, article 6, section 3, subdivision 4, for E-85 cost-share grants, is reduced by \$350,000 and is canceled to the general fund.

Subd. 2. Renewable Hydrogen Initiative Grants

The remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, as amended by Laws 2008, chapter 363, article 6, section 3, subdivision 4, for renewable hydrogen initiative grants, estimated to be \$650,000, is canceled to the general fund.

Subd. 3. Transfers In

Before June 30, 2010, the commissioner of management and budget shall transfer \$1,969,000 to the general fund. After July 1, 2010, and before June 30, 2011, the commissioner of management and budget shall transfer \$1,032,000 to the general fund. These transfers are from the petroleum tank release cleanup fund established in Minnesota Statutes, section 115C.08.

Sec. 6. TRANSFERS IN

(a) For the purposes of this section, "commissioner" means the commissioner of management and budget.

(b) In the first year, the commissioner shall transfer \$3,024,000 from the special revenue fund to the general fund. In the second year, the commissioner shall transfer \$1,993,000 from the special revenue fund to the general fund. The transfers must be from the following appropriation reductions and accounts within the special revenue fund:

(1) \$246,000 the first year and \$270,000 the second year are from the telecommunications access Minnesota fund established in Minnesota Statutes, section 237.52;

(2) \$238,000 the first year is from the assessments collected under Minnesota Statutes, section 216C.052, for the reliability administrator;

(3) \$200,000 the first year and \$200,000 the second year are from the Department of Commerce license technology surcharge account established in Minnesota Statutes, section 45.24;

(4) \$381,000 the first year and \$260,000 the second year are from the energy and conservation account established in Minnesota Statutes, section 216B.241. Of this amount, (i) \$43,000 the first year and \$17,000 the second year are from the assessments for technical assistance in Minnesota Statutes, section 216B.241, subdivision 1d; (ii) \$316,000 the first year and \$213,000 the second year are from the assessments for applied research and development grants in Minnesota Statutes, section 216B.241, subdivision 1e; and (iii) \$22,000 the first year and \$30,000 the second year are from the assessment for facilities energy efficiency in Minnesota Statutes, section 216B.241, subdivision 1f;

(5) \$64,000 the first year and \$48,000 the second year are from the insurance fraud prevention account established in Minnesota Statutes, section 45.0135;

(6) \$1,133,000 the first year and \$1,111,000 the second year are from the automobile theft prevention account established in Minnesota Statutes, section 168A.40;

(7) \$549,000 the first year and \$5,000 the second year are from the real estate education, research and recovery fund established in Minnesota Statutes, section 82.43;

(8) \$100,000 the first year is from the consumer education account established in Minnesota Statutes, section 58.10;

(9) \$11,000 the first year and \$15,000 the second year are from the fees and assessments collected under Minnesota Statutes, section 216E.18;

(10) the remaining balance in the first year, estimated to be \$19,000, is from the routing of certain pipelines under Minnesota Statutes, section 216G.02;

(11) \$4,000 the first year and \$9,000 the second year are from the joint exercise of powers agreements with the Department of Health for regulating health maintenance organizations;

(12) \$75,000 the first year and \$75,000 the second year are from the liquefied petroleum gas account established in Minnesota Statutes, section 239.785;

(13) \$4,000 in the first year is from the petroleum inspection fee established in Minnesota Statutes, section 239.101, for renewable energy equipment grants.

Sec. 7. **TRANSFER; ASSIGNED RISK PLAN**

By June 30, 2010, the commissioner of management and budget shall transfer \$14,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Sec. 8. Minnesota Statutes 2009 Supplement, section 45.30, subdivision 6, is amended to read:

Subd. 6. **Course approval.** (a) Courses must be approved by the commissioner in advance. A course that is required by federal criteria or a reciprocity agreement to receive a substantive review will be approved or disapproved on the basis of its compliance with the provisions of laws and rules relating to the appropriate industry. At the commissioner's discretion, a course that is not required by federal criteria or a reciprocity agreement to receive a substantive review may be approved based on a qualified provider's certification on a form specified by the commissioner that the course complies with the provisions of this chapter and the laws and rules relating to the appropriate industry. For the purposes of this section, a "qualified provider" is one of the following: (1) a degree-granting institution of higher learning located within this state; (2) a private school licensed by the Minnesota Office of Higher Education; or (3) when conducting courses for its members, a bona fide trade association that staffs and maintains in this state a physical location that contains course and student records and that has done so for not less than three years. The commissioner may review any approved course and may cancel its approval with regard to all future offerings. The commissioner must make the final determination as to

accreditation and assignment of credit hours for courses. Courses must be at least one hour in length, except courses for real estate appraisers must be at least two hours in length.

~~Individuals wishing to receive credit for continuing education courses that have not been previously approved may submit the course information for approval. Courses must be in compliance with the laws and rules governing the types of courses that will and will not be approved.~~

Approval will not include time spent on meals or other unrelated activities.

(b) Courses must be submitted at least 30 days before the initial proposed course offering.

(c) Approval must be granted for a subsequent offering of identical continuing education courses without requiring a new application. The commissioner must deny future offerings of courses if they are found not to be in compliance with the laws relating to course approval.

(d) When either the content of an approved course or its method of instruction changes, the course is no longer approved for license education credit. A new application must be submitted for the changed course if the education provider intends to offer it for license education credit.

Sec. 9. Minnesota Statutes 2008, section 80A.46, is amended to read:

80A.46 SECTION 202; EXEMPT TRANSACTIONS.

The following transactions are exempt from the requirements of sections 80A.49 through 80A.54, except 80A.50, paragraph (a), clause (3), and 80A.71:

(1) isolated nonissuer transactions, consisting of sale to not more than ten purchasers in Minnesota during any period of 12 consecutive months, whether effected by or through a broker-dealer or not;

(2) a nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

(A) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;

(B) the security is sold at a price reasonably related to its current market price;

(C) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;

(D) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:

(i) a description of the business and operations of the issuer;

(ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;

(iii) an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and

(iv) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and

(E) any one of the following requirements is met:

(i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;

(ii) the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;

(iii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or

(iv) the issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

(3) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in a security of a foreign issuer that is a margin security defined in regulations or rules adopted by the Board of Governors of the Federal Reserve System;

(4) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in an outstanding security if the guarantor of the security files reports with the Securities and Exchange Commission under the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Sections 78m or 78o(d));

(5) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in a security that:

(A) is rated at the time of the transaction by a nationally recognized statistical rating organization in one of its four highest rating categories; or

(B) has a fixed maturity or a fixed interest or dividend, if:

(i) a default has not occurred during the current fiscal year or within the three previous fiscal years or during the existence of the issuer and any predecessor if less than three fiscal years, in the payment of principal, interest, or dividends on the security; and

(ii) the issuer is engaged in business, is not in the organizational stage or in bankruptcy or receivership, and is not and has not been within the previous 12 months a

blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;

(6) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter effecting an unsolicited order or offer to purchase;

(7) a nonissuer transaction executed by a bona fide pledgee without the purpose of evading this chapter;

(8) a nonissuer transaction by a federal covered investment adviser with investments under management in excess of \$100,000,000 acting in the exercise of discretionary authority in a signed record for the account of others;

(9) a transaction in a security, whether or not the security or transaction is otherwise exempt, in exchange for one or more bona fide outstanding securities, claims, or property interests, or partly in such exchange and partly for cash, if the terms and conditions of the issuance and exchange or the delivery and exchange and the fairness of the terms and conditions have been approved by the administrator after a hearing;

(10) a transaction between the issuer or other person on whose behalf the offering is made and an underwriter, or among underwriters;

(11) a transaction in a note, bond, debenture, or other evidence of indebtedness secured by a mortgage or other security agreement if:

(A) the note, bond, debenture, or other evidence of indebtedness is offered and sold with the mortgage or other security agreement as a unit;

(B) a general solicitation or general advertisement of the transaction is not made; and

(C) a commission or other remuneration is not paid or given, directly or indirectly, to a person not registered under this chapter as a broker-dealer or as an agent;

(12) a transaction by an executor, administrator of an estate, sheriff, marshal, receiver, trustee in bankruptcy, guardian, or conservator;

(13) a sale or offer to sell to:

(A) an institutional investor;

(B) an accredited investor;

(C) a federal covered investment adviser; or

(D) any other person exempted by rule adopted or order issued under this chapter;

(14) a sale or an offer to sell securities by an issuer, if the transaction is part of a single issue in which:

(A) not more than 35 purchasers are present in this state during any 12 consecutive months, other than those designated in paragraph (13);

(B) a general solicitation or general advertising is not made in connection with the offer to sell or sale of the securities;

(C) a commission or other remuneration is not paid or given, directly or indirectly, to a person other than a broker-dealer registered under this chapter or an agent registered under this chapter for soliciting a prospective purchaser in this state; and

(D) the issuer reasonably believes that all the purchasers in this state, other than those designated in paragraph (13), are purchasing for investment.

Any issuer selling to purchasers in this state in reliance on this clause (14) exemption must provide to the administrator notice of the transaction by filing a statement of issuer form as adopted by rule. Notice must be filed at least ten days in advance of any sale or such shorter period as permitted by the administrator. However, an issuer who makes sales to ten or fewer purchasers in Minnesota during any period of 12 consecutive months is not required to provide this notice;

(15) a transaction under an offer to existing security holders of the issuer, including persons that at the date of the transaction are holders of convertible securities, options, or warrants, if a commission or other remuneration, other than a standby commission, is not paid or given, directly or indirectly, for soliciting a security holder in this state. The person making the offer and effecting the transaction must provide to the administrator notice of the transaction by filing a written description of the transaction. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(16) an offer to sell, but not a sale, of a security not exempt from registration under the Securities Act of 1933 if:

(A) a registration or offering statement or similar record as required under the Securities Act of 1933 has been filed, but is not effective, or the offer is made in compliance with Rule 165 adopted under the Securities Act of 1933 (17 C.F.R. 230.165); and

(B) a stop order of which the offeror is aware has not been issued against the offeror by the administrator or the Securities and Exchange Commission, and an audit, inspection, or proceeding that is public and that may culminate in a stop order is not known by the offeror to be pending;

(17) an offer to sell, but not a sale, of a security exempt from registration under the Securities Act of 1933 if:

(A) a registration statement has been filed under this chapter, but is not effective;

(B) a solicitation of interest is provided in a record to offerees in compliance with a rule adopted by the administrator under this chapter; and

(C) a stop order of which the offeror is aware has not been issued by the administrator under this chapter and an audit, inspection, or proceeding that may culminate in a stop order is not known by the offeror to be pending;

(18) a transaction involving the distribution of the securities of an issuer to the security holders of another person in connection with a merger, consolidation, exchange of securities, sale of assets, or other reorganization to which the issuer, or its parent or subsidiary and the other person, or its parent or subsidiary, are parties. The person distributing the issuer's securities must provide to the administrator notice of the transaction by filing a written description of the transaction along with a consent to service of process complying with section 80A.88. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(19) a rescission offer, sale, or purchase under section 80A.77;

(20) an offer or sale of a security to a person not a resident of this state and not present in this state if the offer or sale does not constitute a violation of the laws of the

state or foreign jurisdiction in which the offeree or purchaser is present and is not part of an unlawful plan or scheme to evade this chapter;

(21) employees' stock purchase, savings, option, profit-sharing, pension, or similar employees' benefit plan, including any securities, plan interests, and guarantees issued under a compensatory benefit plan or compensation contract, contained in a record, established by the issuer, its parents, its majority-owned subsidiaries, or the majority-owned subsidiaries of the issuer's parent for the participation of their employees including offers or sales of such securities to:

(A) directors; general partners; trustees, if the issuer is a business trust; officers; consultants; and advisors;

(B) family members who acquire such securities from those persons through gifts or domestic relations orders;

(C) former employees, directors, general partners, trustees, officers, consultants, and advisors if those individuals were employed by or providing services to the issuer when the securities were offered; and

(D) insurance agents who are exclusive insurance agents of the issuer, or the issuer's subsidiaries or parents, or who derive more than 50 percent of their annual income from those organizations.

A person establishing an employee benefit plan under the exemption in this clause (21) must provide to the administrator notice of the transaction by filing a written description of the transaction along with a consent to service of process complying with section 80A.88. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(22) a transaction involving:

(A) a stock dividend or equivalent equity distribution, whether the corporation or other business organization distributing the dividend or equivalent equity distribution is the issuer or not, if nothing of value is given by stockholders or other equity holders for the dividend or equivalent equity distribution other than the surrender of a right to a cash or property dividend if each stockholder or other equity holder may elect to take the dividend or equivalent equity distribution in cash, property, or stock;

(B) an act incident to a judicially approved reorganization in which a security is issued in exchange for one or more outstanding securities, claims, or property interests, or partly in such exchange and partly for cash; or

(C) the solicitation of tenders of securities by an offeror in a tender offer in compliance with Rule 162 adopted under the Securities Act of 1933 (17 C.F.R. 230.162);

(23) a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph,

Canada, together with its provinces and territories, is a designated foreign jurisdiction and The Toronto Stock Exchange, Inc., is a designated securities exchange. After an administrative hearing in compliance with chapter 14, the administrator, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

(24) any transaction effected by or through a Canadian broker-dealer exempted from broker-dealer registration pursuant to section 80A.56(b)(3); or

(25)(A) the offer and sale by a cooperative organized under chapter 308A, or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when the securities are issued as patronage dividends. This paragraph applies to a cooperative organized under chapter 308A, or under the laws of another state, only if the cooperative has filed with the administrator a consent to service of process under section 80A.88 and has, not less than ten days before the issuance or delivery, furnished the administrator with a written general description of the transaction and any other information that the administrator requires by rule or otherwise;

(B) the offer and sale by a cooperative organized under chapter 308B of its securities when the securities are offered and sold to its existing members or when the purchase of the securities is necessary or incidental to establishing patron membership in the cooperative, or when such securities are issued as patronage dividends. The administrator has the power to define "patron membership" for purposes of this paragraph. This paragraph applies to securities, other than securities issued as patronage dividends, only when:

(i) the issuer, before the completion of the sale of the securities, provides each offeree or purchaser disclosure materials that, to the extent material to an understanding of the issuer, its business, and the securities being offered, substantially meet the disclosure conditions and limitations found in rule 502(b) of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502; and

(ii) within 15 days after the completion of the first sale in each offering completed in reliance upon this exemption, the cooperative has filed with the administrator a consent to service of process under section 80A.88 (or has previously filed such a consent), and has furnished the administrator with a written general description of the transaction and any other information that the administrator requires by rule or otherwise; and

(C) a cooperative may, at or about the same time as offers or sales are being completed in reliance upon the exemptions from registration found in this subpart and as part of a common plan of financing, offer or sell its securities in reliance upon any other exemption from registration available under this chapter. The offer or sale of securities in reliance upon the exemptions found in this subpart will not be considered or deemed a part of or be integrated with any offer or sale of securities conducted by the cooperative in reliance upon any other exemption from registration available under this chapter, nor will offers or sales of securities by the cooperative in reliance upon any other exemption from registration available under this chapter be considered or deemed a part of or be integrated with any offer or sale conducted by the cooperative in reliance upon this paragraph.

Sec. 10. **ASSESSMENT.**

(a) The commissioner of commerce may levy a pro rata assessment on institutions licensed under Minnesota Statutes, chapter 58, to recover the costs to the Department of Commerce for administering the licensing and registration requirements of Minnesota Statutes, section 58A.10, if enacted in the 2010 legislative session.

(b) The commissioner shall levy the assessments and notify each institution of the amount of the assessment being levied by September 30, 2010. The institution shall pay the assessment to the department no later than November 30, 2010. If an institution fails to pay its assessment by this date, its license may be suspended by the commissioner until it is paid in full.

(c) This section expires December 1, 2010.

ARTICLE 5

AGRICULTURE

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	<u>(2,780,000)</u>	\$	<u>(3,374,000)</u>	\$	<u>(6,154,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 94, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 3. AGRICULTURE

<u>Subdivision 1. Total Appropriation</u>	\$	<u>(2,593,000)</u>	\$	<u>(3,133,000)</u>
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The appropriation additions or reductions for each purpose are shown in the following subdivisions.

<p>Subd. 2. <u>Protection Services</u></p> <p><u>\$60,000 in 2010 and \$200,000 in 2011 are reductions in the appropriations for dairy and food inspection.</u></p> <p><u>\$25,000 in 2010 and \$50,000 in 2011 are reductions in the appropriations for the food inspection laboratory.</u></p>	<p><u>(130,000)</u></p>	<p><u>(586,000)</u></p>
<p>Subd. 3. <u>Agricultural Marketing and Development</u></p> <p><u>\$3,000 in 2010 is a reduction for grants to farmers for demonstration projects involving sustainable agriculture, as authorized in Minnesota Statutes, section 17.116.</u></p>	<p><u>(124,000)</u></p>	<p><u>(8,000)</u></p>
<p>Subd. 4. <u>Bioenergy and Value-Added Agriculture</u></p> <p><u>\$2,220,000 in 2010 and \$2,220,000 in 2011 are reductions in appropriations for ethanol producer payments under Minnesota Statutes, section 41A.09. These reductions are onetime.</u></p>	<p><u>(2,220,000)</u></p>	<p><u>(2,220,000)</u></p>
<p>Subd. 5. <u>Administration and Financial Assistance</u></p> <p><u>\$20,000 in 2010 and \$52,000 in 2011 are reductions from the appropriation for the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2.</u></p> <p><u>\$1,000 in 2011 is a reduction from the appropriation for a grant to the Minnesota Livestock Breeders Association.</u></p> <p><u>\$15,000 in 2011 is a reduction from the appropriation for a grant to the Minnesota Agricultural Education and Leadership Council.</u></p> <p><u>\$3,000 in 2011 is a reduction from the appropriation for the Northern Crops Institute.</u></p>	<p><u>(119,000)</u></p>	<p><u>(319,000)</u></p>

\$4,000 in 2010 and \$4,000 in 2011 are reductions from the appropriation for grants to the Minnesota Turf Seed Council for basic and applied research on the improved production of forage and turf seed related to new and improved varieties.

\$3,000 in 2010 and \$3,000 in 2011 are reductions from the appropriation for grants to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants including plant breeding, nutrient management, pest management, disease management yield, and viability.

\$60,000 in 2010 is a reduction from the appropriation for the agricultural growth, research, and innovation program.

\$6,000 in 2011 is a reduction from the appropriation for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$1,000 in 2011 is a reduction from the appropriation for a grant to the Minnesota Horticultural Society.

\$4,000 in 2010 is a reduction from the appropriation for transfer to the University of Minnesota Extension Service for farm-to-school grants to school districts in Minneapolis, Moorhead, White Earth, and Willmar.

\$28,000 in 2010 and \$234,000 in 2011 and \$684,000 in 2012 and \$684,000 in 2013 are reductions due to efficiencies and other cost savings realized by various methods including, but not limited to, renegotiating leases and other contracts and resource reorganization or consolidation within the department or in conjunction with other public entities. The commissioner may allocate these reductions to programs.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriation encumbered on or before June 30, 2009, as grants for NextGen

	<u>Ending June 30</u>		
	<u>2010</u>	<u>2011</u>	
Sec. 3. <u>VETERANS AFFAIRS</u>	<u>\$</u>	<u>-0-</u> <u>\$</u>	<u>200,000</u>

\$100,000 in fiscal year 2011 is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including housing, utility, employment, and legal assistance, according to guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance will be coordinated with all other available programs for veterans. This is a onetime appropriation.

\$100,000 in the second year is for compensation for honor guards at the funerals of veterans in accordance with the program established in Minnesota Statutes, section 197.231. This is a onetime appropriation.

\$200,000 in fiscal year 2010 and \$200,000 in fiscal year 2011 are from the Support our Troops account established in Minnesota Statutes, section 190.19, for an increase in the CORE grant program.

Sec. 4. VETERANS HOMES

Of the appropriation in Laws 2009, chapter 94, article 3, section 2, subdivision 3, or from funds carried forward from fiscal year 2009:

(1) \$1,000,000 in fiscal year 2011 is for operational expenses related to the 21-bed addition at the Fergus Falls Veterans Home; and

(2) \$113,000 in fiscal year 2011 is for start-up expenses related to the opening of an adult daycare facility at the Minneapolis Veterans Home.

Sec. 5. REPORT TO THE LEGISLATURE

By January 15, 2011, the commissioner shall report to the chairs and ranking minority

members of the legislative committees and divisions with jurisdiction over veterans affairs policy and finance regarding any unexpended appropriations, revenues, or other actual or projected carryover money provided directly or indirectly through any provision in this article.

Sec. 6. Minnesota Statutes 2009 Supplement, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations;
- (2) outreach to underserved veterans; ~~and~~
- (3) providing services and programs for veterans and their families; and

(4) transfers to the vehicle services account for Gold Star license plates under section 168.1253.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Laws 2009, chapter 94, article 3, section 2, subdivision 3, is amended to read:

Subd. 3. Veterans Homes	43,673,000	43,916,000
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Veterans Homes Special Revenue Account.

The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

Repair and Betterment. Of this appropriation, \$1,000,000 in fiscal year 2010 and \$500,000 in fiscal year 2011 are to be used for repair, maintenance, rehabilitation, and betterment activities at facilities statewide.

Hastings Veterans Home. \$220,000 each year is for increases in the mental health program at the Hastings Veterans Home.

~~**Food.** \$92,000 in fiscal year 2010 and \$189,000 in fiscal year 2011 are for increases~~

~~in food costs at the Minnesota veterans homes.~~

~~**Pharmaceuticals.** \$287,000 in fiscal year 2010 and \$617,000 in fiscal year 2011 are for increases in pharmaceutical costs.~~

~~**Fuel and Utilities.** \$277,000 in fiscal year 2010 and \$593,000 in fiscal year 2011 are for increases in fuel and utility costs at the Minnesota veterans homes.~~

Medicare Part D. \$141,000 in fiscal year 2010 and \$141,000 in fiscal year 2011 are for implementation of Minnesota Statutes, section 198.003, subdivision 7.

ARTICLE 7

ECONOMIC DEVELOPMENT

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	<u>(2,531,000)</u>	\$	<u>(4,589,000)</u>	\$	<u>(7,120,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns under "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 78, article 1, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment. Reductions may be taken in either fiscal year.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 3. EMPLOYMENT AND ECONOMIC DEVELOPMENT

<u>Subdivision 1. Total Appropriation</u>	\$	<u>(1,643,000)</u>	\$	<u>(1,582,000)</u>
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The appropriation reductions for each purpose are specified in the following subdivisions.

Subd. 2. Business and Community Development

(193,000)

(582,000)

(a) \$15,000 in 2010 and \$25,000 in 2011 are from the appropriation for a grant to BioBusiness Alliance of Minnesota.

(b) \$15,000 in 2011 is from the appropriation for a grant to the Minnesota Inventors Congress.

(c) \$6,000 in 2010 and \$10,000 in 2011 are from the appropriation for the Office of Science and Technology. This is a onetime reduction.

(d) \$15,000 in 2010 and \$25,000 in 2011 are from the appropriation for a grant to Enterprise Minnesota, Inc. This is a onetime reduction.

Subd. 3. Workforce Development

(384,000)

(910,000)

(a) \$250,000 in 2010 and \$250,000 in 2011 are from the appropriation for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17.

(b) \$119,000 in 2011 is from the appropriation for State Services for the Blind activities.

(c) \$71,000 in 2010 and \$119,000 in 2011 are from the appropriation for grants to Centers for Independent Living.

(d) \$22,000 in 2010 and \$375,000 in 2011 are from the appropriation for extended employment services under Minnesota Statutes, section 268A.15. Notwithstanding Minnesota Rules, parts 3300.2030 to 3300.2055, the commissioner may adjust contracts with eligible extended employment providers in order to achieve required reductions through June 30, 2011. The general fund base for extended employment services is \$5,405,000 in fiscal year 2012 and \$5,405,000 in fiscal year 2013.

(e) \$41,000 in 2010 and \$47,000 in 2011 are from the appropriation for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

Subd. 4. State-Funded Administration (35,000) (90,000)

Subd. 5. Carryforward (1,000,000) -0-

The carryforward reduction is for the job skills partnership program.

Subd. 6. Transfers and Cancellations

(a) \$2,500,000 in 2010 and \$2,500,000 in 2011 are transferred from the petroleum tank release cleanup fund under Minnesota Statutes, section 115C.08, to the general fund.

(b) \$80,000 in 2010 is transferred from the unemployment insurance state administration account in the special revenue fund under Minnesota Statutes, section 268.196, subdivision 1, to the general fund.

(c) \$160,000 in 2010 is transferred from the capital access program account in the special revenue fund under Minnesota Statutes, section 116J.876, subdivision 4, to the general fund.

(d) The remaining balance from the Laws 2007, chapter 135, article 1, section 3, appropriation for a grant to Le Sueur County is canceled.

Sec. 4. DEPARTMENT OF LABOR AND INDUSTRY; TRANSFERS \$ -0- \$ -0-

By June 30, 2010, the commissioner of management and budget shall transfer \$1,425,000 from the assigned risk safety account in the worker's compensation fund to the general fund.

Sec. 5. BUREAU OF MEDIATION SERVICES \$ (50,000) \$ (83,000)

Sec. 6. ACCOUNTANCY BOARD \$ (15,000) \$ (25,000)

Sec. 7. **BOARD OF ARCHITECTURE,
ENGINEERING, SURVEYING, AND
LANDSCAPING**

\$ (24,000) \$ (41,000)

Sec. 8. **BOARD OF COSMETOLOGIST
EXAMINERS**

\$ -0- \$ 395,000

Sec. 9. **BOARD OF BARBER EXAMINERS**

\$ -0- \$ 69,000

Sec. 10. **COMBATIVE SPORTS
COMMISSION**

\$ -0- \$ -0-

Sec. 11. **HOUSING FINANCE AGENCY**

Subdivision 1. **Total Appropriation**

\$ (2,061,000) \$ (2,156,000)

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. **Affordable Rental Investment Fund**

(2,061,000) (1,156,000)

These reductions are from the appropriation for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b.

In fiscal year 2010, the Housing Finance Agency shall transfer \$2,061,000 from the affordable rental investment fund program in the housing development fund, to the general fund.

The base appropriation for the affordable rental investment fund program for fiscal years 2012 and 2013 is \$7,546,000 for each year.

Subd. 3. **Housing Rehabilitation**

-0- (1,000,000)

This reduction is from the appropriation for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14, for rental housing developments.

The base appropriation for the housing rehabilitation program for fiscal years 2012 and 2013 is \$3,287,000 for each year.

Sec. 12. <u>PUBLIC FACILITIES AUTHORITY</u>	<u>\$</u>	<u>(11,000)</u>	<u>\$</u>	<u>(7,000)</u>
Sec. 13. <u>EXPLORE MINNESOTA TOURISM</u>	<u>\$</u>	<u>(253,000)</u>	<u>\$</u>	<u>(302,000)</u>
<u>(a) \$251,000 in 2010 and \$300,000 in 2011 are reductions to Explore Minnesota Tourism. Of the reduction in 2010, \$13,000 is a reduction in the carryforward from fiscal year 2009.</u>				
<u>(b) \$2,000 in 2010 and \$2,000 in 2011 are reductions to the incentive grants program.</u>				
Sec. 14. <u>MINNESOTA HISTORICAL SOCIETY</u>	<u>\$</u>	<u>(210,000)</u>	<u>\$</u>	<u>(490,000)</u>
<u>(a) Education and Outreach</u>				
<u>\$120,000 in 2010 and \$280,000 in 2011 are reductions to education and outreach.</u>				
<u>(b) Preservation and Access</u>				
<u>\$90,000 in 2010 and \$210,000 in 2011 are reductions to the preservation and access program.</u>				
Sec. 15. <u>BOARD OF THE ARTS</u>	<u>\$</u>	<u>(259,000)</u>	<u>\$</u>	<u>(284,000)</u>
<u>(a) Operations and Services</u>				
<u>\$20,000 in 2010 and \$21,000 in 2011 are reductions to operations and services.</u>				
<u>(b) Grants Program</u>				
<u>\$165,000 in 2010 and \$182,000 in 2011 are reductions to the grants program.</u>				
<u>(c) Regional Arts Council</u>				
<u>\$74,000 in 2010 and \$81,000 in 2011 are reductions to the Regional Arts Council.</u>				
Sec. 16. <u>MINNESOTA HUMANITIES CENTER</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>-0-</u>
Sec. 17. <u>PUBLIC BROADCASTING</u>	<u>\$</u>	<u>(66,000)</u>	<u>\$</u>	<u>(83,000)</u>

from the federal government for these purposes with priority given to initiatives that have a goal of increasing by at least ten percent the number of women in occupations where women currently comprise less than 25 percent of the workforce. The appropriation is available until expended.

(c) \$105,000 each year is from the general fund and \$50,000 each year is from the workforce development fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area. This appropriation must be used for the sole purpose of providing free or reduced fee business consulting services to minority entrepreneurs and contractors.

(d)(1) \$500,000 each year is from the general fund for a grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. This appropriation is added to the department's base. These funds may be used to create, recruit, retain, and expand biobusiness activity in Minnesota; implement the destination 2025 statewide plan; update a statewide assessment of the bioscience industry and the competitive position of Minnesota-based bioscience businesses relative to other states and other nations; and develop and implement business and scenario-planning models to create, recruit, retain, and expand biobusiness activity in Minnesota.

(2) The BioBusiness Alliance must report each year by February 15 to the committees of the house of representatives and the senate having jurisdiction over bioscience industry activity in Minnesota on the use of funds; the number of bioscience businesses and jobs created, recruited, retained, or expanded in the state since the last reporting period; the competitive position of the biobusiness industry; and utilization rates and results of the business and scenario-planning models

and outcomes resulting from utilization of the business and scenario-planning models.

(e)(1) Of the money available in the Minnesota Investment Fund, Minnesota Statutes, section 116J.8731, to the commissioner of the Department of Employment and Economic Development, up to \$3,000,000 is appropriated in fiscal year 2010 for a loan to an aircraft manufacturing and assembly company, associated with the aerospace industry, for equipment utilized to establish an aircraft completion center at the Minneapolis-St. Paul International Airport. The finishing center must use the state's vocational training programs designed specifically for aircraft maintenance training, and to the extent possible, work to recruit employees from these programs. The center must create at least 200 new manufacturing jobs within 24 months of receiving the loan, and create not less than 500 new manufacturing jobs over a five-year period in Minnesota.

(2) This loan is not subject to loan limitations under Minnesota Statutes, section 116J.8731, subdivision 5. Any match requirements under Minnesota Statutes, section 116J.8731, subdivision 3, may be made from current resources. This is a onetime appropriation and is effective the day following final enactment.

(f) \$65,000 each year is from the general fund for a grant to the Minnesota Inventors Congress, of which at least \$6,500 must be used for youth inventors.

(g) \$200,000 the first year and \$200,000 the second year are for the Office of Science and Technology. This is a onetime appropriation.

(h) \$500,000 the first year and \$500,000 the second year are for a grant to Enterprise Minnesota, Inc., for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation and is available until expended.

(i)(1) \$100,000 each year is from the workforce development fund for a grant

under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions, to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

(j) Notwithstanding Minnesota Statutes, section 268.18, subdivision 2, \$414,000 of funds collected for unemployment insurance administration under this subdivision is appropriated as follows: \$250,000 to Lake County for ice storm damage; \$64,000 is for the city of Green Isle for reimbursement of fire relief efforts and other expenses incurred as a result of the fire in the city of Green Isle; and \$100,000 is to develop the construction mitigation pilot program to make grants for up to five projects statewide available to local government units to mitigate the impacts of transportation construction on local small business. These are onetime appropriations and are available until expended.

(k) Up to \$10,000,000 is appropriated from the Minnesota minerals 21st century fund to the commissioner of Iron Range resources and rehabilitation to make ~~a grant~~ grants or forgivable ~~loan~~ loans to ~~a manufacturer~~ manufacturers of windmill blades, other renewable energy manufacturing, or biomass products at ~~a facility~~ facilities to be located within the taconite tax relief area defined in Minnesota Statutes, section 273.134. No

match is required for the renewable energy manufacturing or biomass projects.

(l) \$1,000,000 is appropriated from the Minnesota minerals 21st century fund to the Board of Trustees of the Minnesota State Colleges and Universities for a grant to the Northeast Higher Education District for planning, design, and construction of classrooms and housing facilities for upper division students in the engineering program.

(m)(1) \$189,000 each year is appropriated from the workforce development fund for grants of \$63,000 to eligible organizations each year to assist in the development of entrepreneurs and small businesses. Each state grant dollar must be matched with \$1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year.

(2) Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. **ADJUSTMENT.**

The amounts appropriated in Laws 2009, chapter 78, article 1, section 3, subdivision 3, paragraph (aa), for adult and displaced worker programs, are available for the appropriated purposes until April 1, 2010, and after that date are also available for the purposes of serving formula individual dislocated workers from small layoffs under Minnesota Statutes, section 116L.17. None of these amounts may be used

for administrative costs by either the commissioner of employment and economic development or the local workforce investment boards.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. **APPROPRIATIONS MADE ONLY ONCE.**

If the appropriations made in this article are enacted more than once in the 2010 regular session, these appropriations must be given effect only once.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 8

MISCELLANEOUS ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2009 Supplement, section 115C.08, subdivision 4, is amended to read:

Subd. 4. **Expenditures.** (a) Money in the fund may only be spent:

(1) to administer the petroleum tank release cleanup program established in this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;

(6) for reimbursement of the environmental response, compensation, and compliance account under subdivision 5 and section 115B.26, subdivision 4;

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;

(8) for corrective action performance audits under section 115C.093;

(9) for contamination cleanup grants, as provided in paragraph (c); and

(10) to assess and remove abandoned underground storage tanks under section 115C.094 and, if a release is discovered, to pay for the specific consultant and contractor services costs necessary to complete the tank removal project, including, but not limited to, excavation soil sampling, groundwater sampling, soil disposal, and completion of an excavation report.

(b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) In fiscal years 2010 and 2011, \$3,700,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup

grants under section 116J.554. Beginning in fiscal year 2012 and each year thereafter, \$6,200,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to \$225,000 annually for administration of the contamination cleanup grant program. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of employment and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01.

Sec. 2. Minnesota Statutes 2008, section 116L.17, subdivision 2, is amended to read:

Subd. 2. **Grants.** The board shall make grants to workforce service areas or other eligible organizations to provide services to dislocated workers as follows:

(a) The board shall allocate funds available for the purposes of this section in its discretion to respond to substantial layoffs and plant closings.

(b) The board shall regularly allocate funds to provide services to individual dislocated workers or small groups. The initial allocation for this purpose must be 50 percent of the deposits and transfers into the workforce development fund, less any collection costs paid out of the fund and any amounts appropriated by the legislature from the workforce development fund for programs other than the state dislocated worker program.

(c) Following the initial allocation, the board may consider additional allocations to provide services to individual dislocated workers. The board's decision to allocate additional funds shall be based on relevant economic indicators including: the number of substantial layoffs to date, notices of substantial layoffs for the remainder of the fiscal year, evidence of declining industries, the number of permanently separated individuals applying for unemployment benefits by workforce service area, and the number of individuals exhausting unemployment benefits by workforce service area. The board must also consider expenditures of allocations to workforce service areas under paragraph (b) made during the first two quarters of the fiscal year and federal resources that have been or are likely to be allocated to Minnesota for the purposes of serving dislocated workers affected by substantial layoffs or plant closings; except that this sentence does not apply in fiscal year 2011.

(d) The board may, in its discretion, allocate funds carried forward from previous years under subdivision 9 for large, small, or individual layoffs.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. Minnesota Statutes 2009 Supplement, section 154.002, is amended to read:

154.002 OFFICERS; COMPENSATION; FEES; EXPENSES.

The Board of Barber Examiners shall annually elect a chair and secretary. It shall adopt and use a common seal for the authentication of its orders and records. The board shall appoint an executive secretary who or enter into an interagency agreement to procure the services of an executive secretary. The executive secretary shall not be a member of the board and ~~who~~ shall be in the unclassified civil service. The position of executive secretary may be a part-time position.

The executive secretary shall keep a record of all proceedings of the board. The expenses of administering this chapter shall be paid from the appropriations made to the Board of Barber Examiners.

Each member of the board shall take the oath provided by law for public officers.

A majority of the board, in meeting assembled, may perform and exercise all the duties and powers devolving upon the board.

The members of the board shall receive compensation for each day spent on board activities, but not to exceed 20 days in any calendar month nor 100 days in any calendar year.

The board shall have authority to employ such inspectors, clerks, deputies, and other assistants as it may deem necessary to carry out the provisions of this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2009 Supplement, section 154.003, is amended to read:

154.003 FEES.

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the ~~executive secretary of the board.~~ The executive secretary board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

- (1) examination and certificate, registered barber, ~~\$65~~ \$85;
- (2) examination and certificate, apprentice, ~~\$60~~ \$80;
- (3) examination, instructor, ~~\$160~~ \$180;
- (4) certificate, instructor, ~~\$45~~ \$65;
- (5) temporary teacher or apprentice permit, ~~\$60~~ \$80;
- (6) renewal of license, registered barber, ~~\$60~~ \$80;
- (7) renewal of license, apprentice, ~~\$50~~ \$70;
- (8) renewal of license, instructor, ~~\$60~~ \$80;

- (9) renewal of temporary teacher permit, ~~\$45~~ \$65;
- (10) student permit, ~~\$25~~ \$45;
- (11) initial shop registration, ~~\$65~~ \$85;
- (12) initial school registration, ~~\$1,010~~ \$1,030;
- (13) renewal shop registration, ~~\$65~~ \$85;
- (14) renewal school registration, ~~\$260~~ \$280;
- (15) restoration of registered barber license, ~~\$75~~ \$95;
- (16) restoration of apprentice license, ~~\$70~~ \$90;
- (17) restoration of shop registration, ~~\$85~~ \$105;
- (18) change of ownership or location, ~~\$35~~ \$55;
- (19) duplicate license, ~~\$20~~ \$40; and
- (20) home study course, ~~\$75~~, and \$95.
- ~~(21) registration of hair braiders, \$20 per year.~~

Sec. 5. Minnesota Statutes 2009 Supplement, section 155A.23, is amended by adding a subdivision to read:

Subd. 5a. **Individual license.** "Individual license" means a license described in section 155A.25, subdivision 1, paragraph (a), clauses (1) and (2).

Sec. 6. Minnesota Statutes 2009 Supplement, section 155A.24, subdivision 2, is amended to read:

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2009 Supplement, section 155A.24, is amended by adding a subdivision to read:

Subd. 3. **Feedback.** The board must provide access on its Web site for customers to provide feedback on interaction with the board and board staff. The information posted to the Web site by customers must be readily accessible to the public. The board must also record each complaint it receives, the board's response, and the time elapsed in responding to and resolving each complaint.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2009 Supplement, section 155A.24, is amended by adding a subdivision to read:

Subd. 4. Report. The board must report by January 15 each year to the standing committees of the house of representatives and the senate having jurisdiction over the board on its customer service training and its complaint resolution activities.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2009 Supplement, section 155A.25, is amended to read:

155A.25 COSMETOLOGY FEES; LICENSE EXPIRATION DATE.

Subdivision 1. **Schedule.** The fee schedule for licensees is as follows for licenses issued prior to July 1, 2010, and after June 30, 2013:

(a) Three-year license fees:

(1) cosmetologist, manicurist, esthetician, \$90 for each initial license, and \$60 for each renewal;

(2) instructor, manager, \$120 for each initial license, and \$90 for each renewal;

(3) salon, \$130 for each initial license, and \$100 for each renewal; and

(4) school, \$1,500.

(b) Penalties:

(1) reinspection fee, variable;

(2) manager and owner with lapsed practitioner, \$150 each;

(3) expired cosmetologist, manicurist, esthetician, manager, school manager, and instructor license, \$45; and

(4) expired salon or school license, \$50.

(c) Administrative fees:

(1) certificate of identification, \$20;

(2) school original application, \$150;

(3) name change, \$20;

(4) letter of license verification, \$30;

(5) duplicate license, \$20;

(6) processing fee, \$10; ~~and~~

(7) special event permit, \$75 per year; and

(8) registration of hair braiders, \$20 per year.

~~(d) All fees established in this subdivision must be paid to the executive secretary of the board. The executive secretary of the board shall deposit the fees in the general fund in the state treasury.~~

Subd. 1a. Schedule. The fee schedule for licensees is as follows for licenses issued after June 30, 2010, and prior to July 1, 2013:

(a) Three-year license fees:

(1) cosmetologist, manicurist, or esthetician:

(i) \$90 for each initial license and a \$40 nonrefundable initial license application fee, for a total of \$130; and

(ii) \$60 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$75;

(2) instructor or manager:

(i) \$120 for each initial license and a \$40 nonrefundable initial license application fee, for a total of \$160; and

(ii) \$90 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$105;

(3) salon:

(i) \$130 for each initial license and a \$100 nonrefundable initial license application fee, for a total of \$230; and

(ii) \$100 for each renewal and a \$50 nonrefundable renewal application fee, for a total of \$150; and

(4) school:

(i) \$1,500 for each initial license and a \$1,000 nonrefundable initial license application fee, for a total of \$2,500; and

(ii) \$1,500 for each renewal and a \$500 nonrefundable renewal application fee, for a total of \$2,000.

(b) Penalties:

(1) reinspection fee, variable;

(2) manager and owner with lapsed practitioner, \$150 each;

(3) expired cosmetologist, manicurist, esthetician, manager, school manager, and instructor license, \$45; and

(4) expired salon or school license, \$50.

(c) Administrative fees:

(1) certificate of identification, \$20;

(2) name change, \$20;

(3) letter of license verification, \$30;

(4) duplicate license, \$20;

(5) processing fee, \$10;

(6) special event permit, \$75 per year; and

(7) registration of hair braiders, \$20 per year.

Subd. 1b. **Fees disposition; appropriation.** (a) All fees established in subdivisions 1 and 1a must be paid to the executive secretary of the board.

(b) The executive secretary of the board shall deposit all fees in the general fund in the state treasury.

Subd. 2. **Refunds.** Refunds shall be given in the following situations: overpayment; death or permanent disability before the effective date of a license; or an individual's ineligibility for licensure. Applicants determined ineligible to receive a license will be refunded the license fee minus any processing fee and minus any application fee this section requires.

Subd. 3. **Other licenses.** A licensee who applies for licensing in a second category shall pay the full license fee and application fee for the second category of license.

Subd. 4. **License expiration date.** The board shall, in a manner determined by the board and without the need for rulemaking under chapter 14, phase in changes to initial and renewal license expiration dates so that by January 1, 2014:

(1) individual licenses expire on the last day of the licensee's birth month of the year due; and

(2) salon licenses expire on the last day of the month of initial licensure of the year due.

Subd. 5. **Board must approve or deny application; timeline.** Within 15 working days of receiving a complete application and the required fees for an initial or renewal individual or salon license, the board must (1) either grant or deny the application, (2) issue the license or notify the applicant of the denial, or (3) issue a temporary license to an applicant for whom no record exists regarding: (i) a complaint filed with the board against the applicant; or (ii) a negative action by the board against the applicant.

Sec. 10. Minnesota Statutes 2008, section 326B.148, subdivision 1, is amended to read:

Subdivision 1. **Computation.** To defray the costs of administering sections 326B.101 to 326B.194, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971. The commissioner may use any surplus in surcharge receipts to award grants for code research and development and education.

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, except that effective July 1, 2010, until June 30, 2011, the permit surcharge is equivalent to one-half mill (.0005) of the fee or \$5, whichever amount is greater. For all other permits, the surcharge is as follows:

(1) if the valuation of the structure, addition, or alteration is \$1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration;

(2) if the valuation is greater than \$1,000,000, the surcharge is \$500 plus two-fifths mill (.0004) of the value between \$1,000,000 and \$2,000,000;

(3) if the valuation is greater than \$2,000,000, the surcharge is \$900 plus three-tenths mill (.0003) of the value between \$2,000,000 and \$3,000,000;

(4) if the valuation is greater than \$3,000,000, the surcharge is \$1,200 plus one-fifth mill (.0002) of the value between \$3,000,000 and \$4,000,000;

(5) if the valuation is greater than \$4,000,000, the surcharge is \$1,400 plus one-tenth mill (.0001) of the value between \$4,000,000 and \$5,000,000; and

(6) if the valuation exceeds \$5,000,000, the surcharge is \$1,500 plus one-twentieth mill (.00005) of the value that exceeds \$5,000,000.

Sec. 11. RULEMAKING.

Subdivision 1. **Conforming changes.** The Board of Cosmetologist Examiners must amend Minnesota Rules, parts 2105.0200 and 2105.0330, to conform to the license expiration date requirements of Minnesota Statutes, section 155A.25, subdivision 4, by specifying that individual or salon licenses expire on the last day of an individual's birth month of the year due, or on the last day of the month of initial licensure of the year due.

Subd. 2. **Good cause exemption.** The Board of Cosmetologist Examiners must use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt the rules required by this section. Minnesota Statutes, section 14.386, does not apply except as provided in Minnesota Statutes, section 14.388.

Sec. 12. Minnesota Statutes 2008, section 116U.26, is amended to read:

116U.26 FILM PRODUCTION JOBS PROGRAM.

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the director of Explore Minnesota Tourism. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; or

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a feature film, television or Internet show, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production

that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of: (1) up to 20 percent of film production costs for films that locate production outside the metropolitan area, as defined in section 473.121, subdivision 2, or that incur production costs in excess of \$5,000,000 in Minnesota the metropolitan area within a 12-month period; or (2) up to 15 percent of film production costs for films that incur production costs of \$5,000,000 or less in the metropolitan area within a 12-month period.

ARTICLE 9

MINERALS

Section 1. Minnesota Statutes 2009 Supplement, section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned prior to July 13, 1982, together with the additional amount of \$10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

(b) For fiscal years 2010 and 2011 only, ~~\$1,000,000~~ \$1,500,000 of the net interest, dividends, and other earnings under paragraph (a) shall be transferred to a special account. Funds in the special account are available for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term operating expenses and purchase of equipment and materials by businesses under financial duress, that will create additional jobs in the taconite assistance area under section 273.1341. Expenditures from the special account must be approved by at least seven Iron Range Resources and Rehabilitation Board members.

(c) To qualify for a grant or loan, a business must be currently operating and have been operating for one year immediately prior to its application for a loan or grant, and its corporate headquarters must be located in the taconite assistance area.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Laws 2009, chapter 78, article 7, section 2, is amended to read:

Sec. 2. IRON RANGE RESOURCES AND REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.

(a) Notwithstanding any law to the contrary, the commissioner of Iron Range resources and rehabilitation, in consultation with the commissioner of management and

budget, ~~may~~ shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352.

(b) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(c) The commissioner of Iron Range resources and rehabilitation shall establish eligibility requirements for employees to receive an incentive.

(d) The commissioner of Iron Range resources and rehabilitation, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (c), may designate specific programs or employees as eligible to be offered the incentive program.

(e) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner of Iron Range resources and rehabilitation.

(f) The cost of the incentive is payable solely by funds made available to the commissioner of Iron Range resources and rehabilitation by law, but only on prior approval of the expenditures by a majority of the Iron Range Resources and Rehabilitation Board.

(g) This section and section 3 are repealed ~~June 30, 2011~~ December 31, 2012.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. **2010 DISTRIBUTIONS ONLY.**

For distributions in 2010 only, a special fund is established to receive 28.757 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

(13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;

(14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

(15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

(16) 0.159 cent per ton must be paid to Aitkin County for a trail;

(17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;

(18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;

(19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

(20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;

(21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;

(22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;

(23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;

(24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;

(25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;

(26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;

(27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;

(28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;

(29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;

(30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;

(31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and industrial park land purchase;

(32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;

(33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;

(34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;

(35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;

(36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;

(37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;

(38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

(39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;

(40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;

(41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;

(42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;

(43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

(44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;

(45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and

(46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex.

EFFECTIVE DATE. This section is effective for the 2010 distribution, all of which must be made in the August 2010 payment.

ARTICLE 10**TRANSPORTATION****Section 1. SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, or reductions in appropriations, by fund, made in this article.

	<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	-0-	\$	(14,650,000)	\$ (14,650,000)
<u>Trunk Highway</u>		-0-		117,000,000	117,000,000
<u>Total</u>	\$	-0-	\$	102,350,000	102,350,000

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 36, article 1, to the agencies and for the purposes specified in this article. The appropriations and reductions are from the trunk highway fund or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 2011

Sec. 3. DEPARTMENT OF TRANSPORTATION

Subdivision 1. **Total Appropriation** \$ -0- \$ **115,265,000**

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	-0-	(1,735,000)
<u>Trunk Highway</u>	-0-	117,000,000

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. Multimodal Systems

(a) Transit -0- (1,685,000)

This reduction is from the appropriation from the general fund for transit assistance in Laws 2009, chapter 36, article 1, section 3, subdivision 2, paragraph (b).

The base appropriation from the general fund for fiscal years 2012 and 2013 is \$16,301,000.

(b) Freight -0- (50,000)

This reduction is from the appropriation from the general fund for freight and commercial vehicle operations in Laws 2009, chapter 36, article 1, section 3, subdivision 2, paragraph (d).

Subd. 3. State Roads

(a) State Road Construction -0- 112,000,000

This appropriation is for state road construction, and is added to appropriations under Laws 2009, chapter 36, article 1, section 3, subdivision 3, paragraph (b), clause (2). This additional appropriation is funded by additional federal highway aid of \$112,000,000 above that specified in Laws 2009, chapter 36, article 1, section 3, subdivision 3, paragraph (b), clause (2). This is a onetime appropriation.

(b) Federal Emergency Relief Account -0- 5,000,000

This appropriation is for deposit in the trunk highway emergency relief account, as defined in Minnesota Statutes, section 161.04, subdivision 5, for the purposes of that account. This is a onetime appropriation.

Sec. 4. METROPOLITAN COUNCIL \$ -0- \$ (12,915,000)

This reduction is from the appropriation from the general fund for bus system operations in Laws 2009, chapter 36, article 1, section 4, subdivision 2.

The base appropriation from the general fund for fiscal years 2012 and 2013 is \$61,302,000 for each year.

Sec. 5. Minnesota Statutes 2008, section 161.04, is amended by adding a subdivision to read:

Subd. 5. **Trunk highway emergency relief account.** (a) The trunk highway emergency relief account is created in the trunk highway fund. Money in the account is appropriated to the commissioner to be used to fund relief activities related to an emergency, as defined in section 161.32, subdivision 3.

(b) Reimbursements by the Federal Highway Administration for emergency relief payments made from the trunk highway emergency relief account must be credited to the account. Interest accrued on the account must be credited to the account. Notwithstanding section 16A.28, money in the account is available until spent. If the balance of the account at the end of a fiscal year is greater than \$10,000,000, the amount above \$10,000,000 must be canceled to the trunk highway fund.

(c) By September 1, 2012, and in every subsequent even-numbered year by September 1, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over transportation policy and finance. The report must include the balance, as well as details of payments made from and deposits made to the trunk highway emergency relief account since the last report.

Sec. 6. **REPEALER.**

Minnesota Statutes 2008, sections 13.721, subdivision 4; and 221.0355, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 14, 16, 17, and 18, are repealed.

ARTICLE 11

PUBLIC SAFETY

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	(8,043,000)	\$	(14,608,000)	\$	(22,651,000)
<u>Special Revenue</u>		(8,000)		2,083,000		2,075,000
<u>Total</u>	<u>\$</u>	<u>(8,051,000)</u>	<u>\$</u>	<u>(12,525,000)</u>	<u>\$</u>	<u>(20,576,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 83, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the

general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2010</u>	<u>2011</u>
Sec. 3. <u>SUPREME COURT</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$ (479,000)</u>	<u>\$ (972,000)</u>
<u>The appropriation reductions for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Supreme Court Operations</u>	<u>(339,000)</u>	<u>(688,000)</u>
Subd. 3. <u>Civil Legal Services</u>	<u>(140,000)</u>	<u>(284,000)</u>
Sec. 4. <u>COURT OF APPEALS</u>	<u>\$ (107,000)</u>	<u>\$ (217,000)</u>
Sec. 5. <u>TRIAL COURTS</u>	<u>\$ (2,732,000)</u>	<u>\$ (5,549,000)</u>
<u>Existing drug courts shall be maintained at their current levels.</u>		
Sec. 6. <u>TAX COURT</u>	<u>\$ (12,000)</u>	<u>\$ (25,000)</u>
Sec. 7. <u>UNIFORM LAWS COMMISSION</u>	<u>\$ -0-</u>	<u>\$ (2,000)</u>
Sec. 8. <u>BOARD ON JUDICIAL STANDARDS</u>	<u>\$ (10,000)</u>	<u>\$ (14,000)</u>
Sec. 9. <u>BOARD OF PUBLIC DEFENSE</u>	<u>\$ (591,000)</u>	<u>\$ (1,302,000)</u>
Sec. 10. <u>PUBLIC SAFETY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$ (1,038,000)</u>	<u>\$ 1,517,000</u>

Appropriations by Fund

<u>General</u>	<u>(1,038,000)</u>	<u>(483,000)</u>
<u>Special Revenue</u>	<u>-0-</u>	<u>2,000,000</u>

The appropriation additions or reductions for each purpose are specified in the following subdivisions.

Subd. 2. Emergency Management

<u>(a) State Match</u>	<u>-0-</u>	<u>1,600,000</u>
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This onetime appropriation is to provide a match for FEMA money received for natural disaster assistance payments and is added to appropriations in Laws 2009, chapter 83, article 1, section 10, subdivision 2.

<u>(b) General Reduction</u>	<u>(29,000)</u>	<u>(57,000)</u>
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<u>Subd. 3. Criminal Apprehension</u>	<u>(539,000)</u>	<u>(1,075,000)</u>
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The commissioner may not eliminate or leave open positions for forensic lab scientists in order to balance the department's budget.

<u>Subd. 4. Fire Marshal</u>	<u>-0-</u>	<u>2,000,000</u>
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This onetime appropriation is from the fire safety account in the special revenue fund and is for fire safety purposes as determined by the commissioner with the advice of the Fire Service Advisory Committee.

This appropriation is available until June 30, 2012.

<u>Subd. 5. Gambling and Alcohol Enforcement</u>	<u>(25,000)</u>	<u>(49,000)</u>
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<u>Subd. 6. Office of Justice Programs</u>	<u>(445,000)</u>	<u>(902,000)</u>
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Of the fiscal year 2011 reduction in this subdivision, funding for the following programs must not be reduced by more than 1.5 percent: (1) battered women's shelters and domestic violence programs; (2) general crime victim programs; (3) sexual assault victim programs; and (4) youth intervention programs. This 1.5 percent reduction is in

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. \$468,000 in fiscal year 2008, \$4,268,000 in fiscal year 2009, \$9,268,000 in fiscal year 2010, \$5,968,000 in fiscal year 2011, and \$2,268,000 \$2,368,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2008, section 611A.32, subdivision 2, is amended to read:

Subd. 2. **Applications.** Any public or private nonprofit agency may apply to the commissioner for a grant to provide emergency shelter services to battered women, support services to domestic abuse victims, or both, to battered women and their children. The application shall be submitted in a form approved by the commissioner by rule adopted under chapter 14, after consultation with the advisory council, and shall include:

(1) a proposal for the provision of emergency shelter services for battered women, support services for domestic abuse victims, or both, for battered women and their children;

(2) a proposed budget;

(3) the agency's overall operating budget, including documentation on the retention of financial reserves and availability of additional funding sources;

~~(3)~~ (4) evidence of an ability to integrate into the proposed program the uniform method of data collection and program evaluation established under sections 611A.33 and 611A.34;

~~(4)~~ (5) evidence of an ability to represent the interests of battered women and domestic abuse victims and their children to local law enforcement agencies and courts, county welfare agencies, and local boards or departments of health;

~~(5)~~ (6) evidence of an ability to do outreach to unserved and underserved populations and to provide culturally and linguistically appropriate services; and

~~(6)~~ (7) any other content the commissioner may require by rule adopted under chapter 14, after considering the recommendations of the advisory council.

Programs which have been approved for grants in prior years may submit materials which indicate changes in items listed in clauses (1) to ~~(6)~~ (7), in order to qualify for renewal funding. Nothing in this subdivision may be construed to require programs to submit complete applications for each year of renewal funding.

Sec. 18. Minnesota Statutes 2008, section 626.8458, subdivision 5, is amended to read:

Subd. 5. **In-service training in police pursuits required.** The chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in emergency vehicle operations and in the conduct of police pursuits to every peace officer and part-time peace officer employed by the agency who the chief law enforcement officer determines may be involved in a police pursuit given the officer's responsibilities. The training shall comply with learning objectives developed

and approved by the board and shall consist of at least eight hours of classroom and skills-based training every ~~three~~ four years.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 2008, section 641.12, is amended by adding a subdivision to read:

Subd. 4. Sentencing to service fees. (a) A county board may require that an offender who participates in sentencing to service pay a fee.

(b) A county board may assess a fee to entities that receive direct benefit from sentencing to service work crews.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Laws 2009, chapter 83, article 1, section 10, subdivision 4, is amended to read:

	8,125,000	8,125,000
Subd. 4. Fire Marshal	<u>15,025,000</u>	<u>13,725,000</u>

This appropriation is from the fire safety account in the special revenue fund.

Of this amount, ~~\$5,857,000 each~~ \$5,757,000 the first year and \$7,757,000 the second year ~~is~~ are for activities under Minnesota Statutes, section 299F.012, and ~~\$2,268,000 each~~ \$9,268,000 the first year and \$5,968,000 the second year ~~is~~ are for transfer to the general fund under Minnesota Statutes, section 297I.06, subdivision 3.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. Laws 2009, chapter 83, article 1, section 11, is amended to read:

Sec. 11. PEACE OFFICER STANDARDS AND TRAINING BOARD (POST)	\$	4,012,000 <u>4,004,000</u>	\$	4,012,000 <u>4,095,000</u>
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(a) **Excess Amounts Transferred.** This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of ~~\$4,012,000~~ \$4,004,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of ~~\$4,012,000~~ \$4,095,000 must be transferred and credited to the general fund.

(b) **Peace Officer Training Reimbursements.** \$2,859,000 ~~each~~

the first year and \$2,959,000 the second year is are for reimbursements to local governments for peace officer training costs. The base budget for this activity is \$2,859,000 for fiscal year 2012 and \$2,859,000 for fiscal year 2013.

(c) Prohibition on Use of Appropriation. No portion of this appropriation may be used for the purchase of motor vehicles or out-of-state travel that is not directly connected with and necessary to carry out the core functions of the board.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. Laws 2009, chapter 83, article 1, section 14, subdivision 2, is amended to read:

Subd. 2. Correctional Institutions	334,341,000	338,199,000
Appropriations by Fund		
General	295,761,000	337,619,000
Special Revenue	580,000	580,000
Federal	38,000,000	0

\$38,000,000 the first year is from the fiscal stabilization account in the federal fund. This is a onetime appropriation.

The general fund base for this program shall be \$326,085,000 in fiscal year 2012 and \$330,430,000 in fiscal year 2013.

(a) Treatment Alternatives; Report. By December 15, 2009, the commissioner must submit an electronic report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety policy and finance concerning alternative chemical dependency treatment opportunities. The report must identify alternatives that represent best practices in chemical dependency treatment of offenders. The report must contain suggestions for reducing the length of time between offender commitment to the custody of the commissioner and graduation from chemical dependency treatment. To the extent possible, the report shall identify options

that will (1) reduce the cost of treatment; (2) expand the number of treatment beds; (3) improve treatment outcomes; and (4) lower the rate of substance abuse relapse and criminal recidivism.

(b) Challenge Incarceration; Maximum Occupancy. The commissioner shall work to fill all available challenge incarceration beds for both male and female offenders. If the commissioner fails to fill at least 90 percent of the available challenge incarceration beds by December 1, 2009, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety policy and finance by January 15, 2010, explaining what steps the commissioner has taken to fill the beds and why those steps failed to reach the goal established by the legislature.

(c) Institutional Efficiencies. The commissioner shall strive for institutional efficiencies and must reduce the fiscal year 2008 average adult facility per diem of \$89.77 by one percent. The base is cut by \$2,850,000 in the first year and \$2,850,000 in the second year to reflect a one percent reduction in the projected adult facility per diem. In reducing the projected adult facility per diem, the commissioner must consider the following:

- (1) cooperating with the state of Wisconsin to obtain economies of scale;
- (2) increasing the bed capacity of the challenge incarceration program;
- (3) increasing the number of nonviolent drug offenders who are granted conditional release under Minnesota Statutes, section 244.055;
- (4) increasing the use of compassionate release or less costly detention alternatives for elderly and infirm offenders;
- (5) discontinuing the department's practice of annually assigning a warden to serve as a legislative liaison during the legislative session;

(6) consolidating staff from correctional institutions in geographical proximity to each other to achieve efficiencies and cost savings, including wardens, deputy wardens, and human resources, technology, and employee development personnel;

(7) consolidating the department's human resources, technology, and employee development functions in a centralized location;

(8) implementing corrections best practices; and

(9) implementing cost-saving measures used by other states and the federal government.

The commissioner must not eliminate correctional officer positions or implement any other measure that will jeopardize public safety to achieve the mandated cost savings. ~~The commissioner also must not eliminate treatment beds to achieve the mandated cost savings.~~

(d) **Per Diem Reduction.** If the commissioner fails to reduce the per diem by one percent, the commissioner must:

(1) reduce the funding for operations support by the amount of unrealized savings; and

(2) submit a report by February 15, 2010, to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety policy and finance that contains descriptions of what efforts the commissioner made to reduce the per diem, explanations for why those steps failed to reduce the per diem by one percent, proposed legislative options that would assist the commissioner in reducing the adult facility per diem, and descriptions of the specific actions the commissioner took to reduce funding in operations support.

If the commissioner reduces the per diem by more than one percent, the commissioner must use the savings to provide treatment to offenders.

~~(c) **Reductions to Certain Programming Prohibited.** When allocating reductions in services and programming under this appropriation, the commissioner may not make reductions to inmate educational programs, chemical dependency programs, or reentry programs.~~

~~(f)~~ **(e) Drug Court Bed Savings.** The commissioner must consider the bed impact savings of drug courts in formulating its prison bed projections.

~~(g)~~ **(f) Transfer.** Notwithstanding Minnesota Statutes, section 241.27, the commissioner of finance shall transfer \$1,000,000 the first year and \$1,000,000 the second year from the Minnesota Correctional Industries revolving fund to the general fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 23. **PROPOSED SENTENCING GUIDELINES' CHANGES DELAYED.**

The proposed changes to the sentencing guidelines relating to the crimes of solicitation, inducement, and promotion of prostitution and sex trafficking, and riot described on pages 8 to 9 and Appendix E of the Minnesota Sentencing Guidelines Commission's January 2010 report to the legislature take effect on August 1, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 12

STATE GOVERNMENT

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	\$ (3,545,000) \$	(2,345,000) \$	(5,890,000)
<u>Special Revenue</u>	(19,000)	(29,000)	(48,000)
<u>Total</u>	\$ (3,564,000) \$	(2,374,000) \$	(5,938,000)

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 101, article 1, to the agencies and for the purposes specified in this article. The appropriations

are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 **2011**

Sec. 3. **LEGISLATURE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>(221,000)</u>	<u>\$</u>	<u>(1,352,000)</u>
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<u>Subd. 2. Senate</u>		<u>-0-</u>		<u>(445,000)</u>
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\$205,000 in fiscal year 2010 and \$223,000 in fiscal year 2011 is canceled to the general fund from the senate carryforward account established under Minnesota Statutes, section 16A.281. These are onetime transfers.

<u>Subd. 3. House of Representatives</u>		<u>-0-</u>		<u>(599,000)</u>
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\$395,000 in fiscal year 2010 and \$299,000 in fiscal year 2011 is canceled to the general fund from the house of representatives carryforward account established under Minnesota Statutes, section 16A.281. These are onetime transfers.

During the biennium ending June 30, 2011, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>		<u>(221,000)</u>		<u>(308,000)</u>
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\$154,000 in fiscal year 2011 is canceled to the general fund from the carryforward accounts in the Legislative Coordinating Commission established under Minnesota Statutes, section 16A.281. This is a onetime transfer.

Sec. 4. **GOVERNOR AND LIEUTENANT GOVERNOR**

\$ (64,000) \$ (146,000)

\$10,000 in fiscal year 2010 and \$32,000 in fiscal year 2011 are transferred from the interagency agreements account in the special revenue fund to the general fund. These are onetime transfers.

Sec. 5. **STATE AUDITOR**

\$ (32,000) \$ (78,000)

Sec. 6. **ATTORNEY GENERAL**

\$ (436,000) \$ (954,000)

Sec. 7. **SECRETARY OF STATE**

\$ (104,000) \$ (250,000)

Sec. 8. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**

\$ (28,000) \$ (8,000)

The base budget for the Campaign Finance and Public Disclosure Board is \$726,000 in fiscal year 2012 and \$726,000 in fiscal year 2013.

Sec. 9. **INVESTMENT BOARD**

\$ (2,000) \$ (5,000)

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY**

\$ (111,000) \$ (169,000)

These reductions are from the enterprise planning and management program.

Sec. 11. **ADMINISTRATIVE HEARINGS**

\$ (8,000) \$ (8,000)

Sec. 12. **ADMINISTRATION**

\$ -0- \$ (419,000)

(a) These reductions are from the government and citizens services program. \$8,000 of the reductions in fiscal year 2011 is from the transfer to the commissioner of human services for a grant to the Council of Developmental Disabilities. The appropriation for this grant shall be included in the base budget for the commissioner of human services for the biennium beginning July 1, 2011, and is reduced by \$8,000 each year of the biennium. The general fund base budget for the government and citizens services program is \$8,936,000 in fiscal year 2012 and \$8,936,000 in fiscal year 2013.

(b) \$209,000 in fiscal year 2010 and \$31,000 in fiscal year 2011 are transferred from the central stores fund to the general fund. This is a onetime transfer.

(c) The balance in the commuter van program account in the special revenue fund shall be transferred to the general fund on or before June 30, 2010. This is a onetime transfer.

(d) The balance in the archaeology burial account of the special revenue fund shall be transferred to the general fund on or before June 30, 2010. This is a onetime transfer.

(e) \$1,492 in fiscal year 2010 is transferred from the utility rebates account in the special revenue fund to the general fund. This is a onetime transfer.

Sec. 13. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**

\$ (6,000) \$ (11,000)

Sec. 14. **MANAGEMENT AND BUDGET**

\$ (386,000) \$ (599,000)

(a) \$300 in fiscal year 2010 and \$300 in fiscal year 2011 are transferred from the combined charities administration account in the special revenue fund to the general fund. These are onetime transfers.

(b) \$8,700 in fiscal year 2010 and \$10,700 in fiscal year 2011 are transferred from the information systems division account in the special revenue fund to the general fund. These are onetime transfers.

Sec. 15. **REVENUE**

\$ (768,000) \$ 5,379,000

(a) \$6,727,000 in 2011 is for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. \$235,000 of this appropriation is for a training and mentoring initiative for personnel paid from this appropriation. This initiative is expected to result in new general fund revenues of \$26,865,000 for the biennium ending June 30, 2011.

(b) The department must report to the chairs and ranking minority members of the house of representative Ways and Means and senate Finance Committees by March 15, 2011, and January 15, 2012, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amount of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amount of valid tax liabilities collected.

(c) The reports must also identify base-level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2009. The information must be provided at the budget activity level.

Sec. 16. <u>RACING COMMISSION</u>	\$	<u>(19,000)</u>	\$	<u>(29,000)</u>
<u>\$19,000 in fiscal year 2010 and \$29,000 in fiscal year 2011 are transferred from the racing and card playing regulation accounts in the special revenue fund to the general fund. These are onetime transfers.</u>				
Sec. 17. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>(4,000)</u>	\$	<u>(9,000)</u>
Sec. 18. <u>COUNCIL ON BLACK MINNESOTANS</u>	\$	<u>(5,000)</u>	\$	<u>(9,000)</u>
Sec. 19. <u>COUNCIL ON CHICANO/LATINO AFFAIRS</u>	\$	<u>(6,000)</u>	\$	<u>(9,000)</u>
Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	\$	<u>(5,000)</u>	\$	<u>(8,000)</u>
Sec. 21. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>(9,000)</u>	\$	<u>(14,000)</u>

Sec. 22. **GENERAL CONTINGENT ACCOUNTS**

\$

(750,000) \$**-0-**

This reduction is from the appropriation for potential state matching requirements under the American Reinvestment and Recovery Act of 2009.

Sec. 23. Minnesota Statutes 2008, section 4.51, is amended to read:

4.51 EXPENSES OF GOVERNOR-ELECT.

Subdivision 1. **Definitions.** This section applies after a state general election in which a person who is not the current governor is elected to take office as the next governor. The commissioner of administration must request a transfer from the general fund contingent account of an amount equal to 1.5 percent of the amount appropriated for operation of the Office of the Governor and Lieutenant Governor for the current fiscal year. This request is subject to the review and advice of the Legislative Advisory Commission pursuant to section 3.30. If the transfer is approved, the commissioner of administration must make this amount available to the governor-elect before he or she takes office. The commissioner must provide office space for the governor-elect and for any employees the governor-elect hires. (a) "Governor-elect" means the person who is not currently governor and is the apparent successful candidate for the office of governor following a general election.

(b) "Commissioner" means the commissioner of the Department of Management and Budget.

Subd. 2. **Transition expenses.** In the fiscal year of a gubernatorial election and subject to availability of funds, the commissioner shall transfer up to \$162,000 from the general contingent account in the general fund to the Department of Management and Budget. This transfer is subject to the review and advice of the Legislative Advisory Commission pursuant to section 3.30. In consultation with the governor-elect, the commissioner shall use the transferred funds to pay expenses of the governor-elect associated with preparing for the assumption of official duties as governor. The commissioner may use the transferred funds for expenses necessary and prudent for establishment of a transition office prior to the election and for dissolution of the office if the incumbent governor is reelected or after the inauguration of a new governor. Expenses of the governor-elect may include suitable office space and equipment, communications and technology support, consulting services, compensation and travel costs, and other reasonable expenses. Compensation rates for temporary employees hired to support the governor-elect and rates paid for consulting services for the governor-elect shall be determined by the governor-elect.

Subd. 3. **Unused funds.** No new obligations shall be incurred for expenses of the governor-elect after the date of the inauguration. By March 31 of the year of the inauguration, the commissioner shall return to the general contingent account any funds transferred under this section that the commissioner determines are not needed to pay expenses of the governor-elect.

Sec. 24. Minnesota Statutes 2009 Supplement, section 16A.82, is amended to read:

16A.82 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.

~~\$3,548,000 in fiscal year 2010, \$3,546,000 in fiscal year 2011, and \$10,054,000 in each fiscal year 2012 through 2019.~~ The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for replacement of the state's accounting and procurement systems, provided that the state is not obligated to continue such appropriation of funds or to make lease payments in any future fiscal year.

<u>Fiscal year 2010</u>	<u>\$2,828,038</u>
<u>Fiscal year 2011</u>	<u>\$3,063,950</u>
<u>Fiscal year 2012</u>	<u>\$8,967,850</u>
<u>Fiscal year 2013</u>	<u>\$8,968,950</u>
<u>Fiscal year 2014</u>	<u>\$8,970,850</u>
<u>Fiscal year 2015</u>	<u>\$8,971,150</u>
<u>Fiscal year 2016</u>	<u>\$8,966,450</u>
<u>Fiscal year 2017</u>	<u>\$8,967,500</u>
<u>Fiscal year 2018</u>	<u>\$8,970,750</u>
<u>Fiscal year 2019</u>	<u>\$8,968,500</u>

Of these appropriations, up to \$2,000 per year may be used to pay the annual trustee fees for the lease-purchase agreements authorized in this section and section 270C.145. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, ~~2020~~ 2019.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 25. Minnesota Statutes 2008, section 16B.04, subdivision 2, is amended to read:

Subd. 2. **Powers and duties, generally.** Subject to other provisions of this chapter, the commissioner is authorized to:

- (1) supervise, control, review, and approve all state contracts and purchasing;
- (2) provide agencies with supplies and equipment and operate all central store or supply rooms serving more than one agency;
- (3) investigate and study the management and organization of agencies, and reorganize them when necessary to ensure their effective and efficient operation;
- (4) manage and control state property, real and personal;
- (5) maintain and operate all state buildings, as described in section 16B.24, subdivision 1;
- (6) supervise, control, review, and approve all capital improvements to state buildings and the capitol building and grounds;
- (7) provide central duplicating, printing, and mail facilities;
- (8) oversee publication of official documents and provide for their sale;

(9) manage and operate parking facilities for state employees and a central motor pool for travel on state business;

(10) provide rental space within the capitol complex for a private day care center for children of state employees. The commissioner shall contract for services as provided in this chapter; ~~and~~

(11) settle state employee workers' compensation claims; and

(12) operate a state recycling center.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 26. Minnesota Statutes 2008, section 16B.48, subdivision 2, is amended to read:

Subd. 2. **Purpose of funds.** Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

(1) to operate a central store and equipment service;

(2) to operate the central mailing service, including purchasing postage and related items and refunding postage deposits;

(3) to operate a documents service as prescribed by section 16B.51;

(4) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;

(5) to operate a materials handling service, including interagency mail and product delivery, solid waste removal, courier service, equipment rental, and vehicle and equipment maintenance;

(6) to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;

(7) to operate a records center and provide micrographics products and services; ~~and~~

(8) to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government; and

(9) to operate a state recycling center.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 2008, section 115A.15, subdivision 6, is amended to read:

Subd. 6. **Use of funds.** ~~All funds appropriated by the state for the resource recovery program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program, and all reimbursements~~

~~to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, governmental units, and nonprofit organizations must be deposited in the general fund. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities. will be used by the service provider to offset the cost of the recycling.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 28. Minnesota Statutes 2009 Supplement, section 270C.145, is amended to read:

270C.145 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.

~~\$855,000 in fiscal year 2010, \$853,000 in fiscal year 2011, and \$2,519,000 in each fiscal year 2012 through 2019 is~~ The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for completing the purchase and development of an integrated tax software package; provided that the state is not obligated to continue the appropriation of funds or to make lease payments in any future fiscal year.

<u>Fiscal year 2010</u>	<u>\$670,213</u>
<u>Fiscal year 2011</u>	<u>\$748,550</u>
<u>Fiscal year 2012</u>	<u>\$2,250,150</u>
<u>Fiscal year 2013</u>	<u>\$2,251,550</u>
<u>Fiscal year 2014</u>	<u>\$2,250,350</u>
<u>Fiscal year 2015</u>	<u>\$2,251,550</u>
<u>Fiscal year 2016</u>	<u>\$2,249,950</u>
<u>Fiscal year 2017</u>	<u>\$2,251,250</u>
<u>Fiscal year 2018</u>	<u>\$2,249,000</u>
<u>Fiscal year 2019</u>	<u>\$2,247,000</u>

Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 2009 Supplement, section 289A.08, subdivision 16, is amended to read:

Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph (f), who ~~prepared~~ is a tax return preparer for purposes of section 6011(e) of the Internal Revenue Code, and who reasonably expects to prepare more than ~~100~~ ten Minnesota individual income tax returns for the prior calendar year must file all Minnesota individual income tax returns prepared for the ~~current~~ that calendar year by electronic means.

(b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(c) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax. The fee does not apply to returns that the commissioner requires to be filed in paper form.

EFFECTIVE DATE. This section is effective for tax returns filed after December 31, 2010.

Sec. 30. Minnesota Statutes 2008, section 471.6175, subdivision 4, is amended to read:

Subd. 4. **Account maintenance.** (a) A political subdivision or other public entity may establish a trust account to be held under the supervision of the trust administrator for the purposes of this section. A trust administrator shall establish a separate account for each participating political subdivision or public entity. The trust administrator may charge participating political subdivisions and public entities fees for reasonable administrative costs. The amount of any fees charged by the Public Employees Retirement Association is appropriated to the association from the account. A trust administrator may establish other reasonable terms and conditions for creation and maintenance of these accounts.

(b) The trust administrator must report to the political subdivision or other public entity on the investment returns of invested trust assets and on all investment fees or costs incurred by the trust. The annual rates of return, along with investment and administrative fees and costs for the trust, must be disclosed in the political subdivision's or public entity's annual financial audit in a manner prescribed by the state auditor.

(c) Effective for fiscal years beginning after December 31, ~~2009~~ 2013, the trust administrator must report electronically to the state auditor the portfolio and performance information specified in section 356.219, subdivision 3, in the manner prescribed by the state auditor.

EFFECTIVE DATE. This section is effective retroactively from December 31, 2009.

Sec. 31. **ADDITIONAL OPERATING BUDGET REDUCTIONS.**

By July 30, 2010, the commissioner of management and budget must allocate a reduction of \$3,000,000 for the fiscal year ending June 30, 2011, to the operating budgets of executive branch state agencies, as defined in Minnesota Statutes, section 16A.011, subdivision 12a. To the extent possible, this reduction must be achieved through estimated savings in expenditures for space, out-of-state travel, fleet management, energy usage in state buildings, contracts for professional or technical services, and through increased employee telecommuting, and through consolidation of information technology functions, or through other operational efficiencies. If expenditure reductions are achieved in dedicated funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of the savings to the general fund. Executive branch state agencies must cooperate with the commissioner of management and budget in developing and implementing these reductions. Any amount of the reduction that cannot be achieved through savings in the expenditure types described in this section must be allocated to executive state agency operating budgets by the commissioner. Reductions in fiscal year 2011 must cancel to the general fund and shall be reflected as reductions in agency base budgets for fiscal

years 2012 and 2013. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means and Finance Committees regarding the amount of reductions in spending by each agency under this section.

Sec. 32. **HELP AMERICA VOTE ACT.**

(a) If the secretary of state determines that this state is otherwise eligible to receive an additional payment of federal money under the Help America Vote Act, Public Law 107-252, the secretary must certify to the commissioner of management and budget the amount, if any, needed to meet the matching requirement of section 253(b)(5) of the Help America Vote Act. In the certification, the secretary shall specify the portion of the match that should be taken from an unencumbered general fund appropriation to the Office of the Secretary of State not designated for a different purpose. Upon receipt of that certification, or as soon as an unencumbered general fund appropriation becomes available, whichever occurs later, the commissioner must transfer the specified amount to the Help America Vote Act account.

(b) This section expires on June 30, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 13

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** (a) Except as provided in paragraph (b), when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

(b) Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before ~~May 1, 2010~~ August 16, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective for withdrawals after April 30, 2010.

Sec. 2. Minnesota Statutes 2008, section 273.1384, is amended by adding a subdivision to read:

Subd. 6. **Credit reduction.** In 2011 and each year thereafter, the market value credit reimbursement amount for each taxing jurisdiction determined under this section is reduced by the dollar amount of the reduction in market value credit reimbursements for that taxing jurisdiction in 2010 due to unallotment reductions announced prior to February 28, 2010, under section 16A.152. No taxing jurisdiction's market value credit reimbursements are reduced to less than zero under this subdivision. The commissioner of revenue shall pay the annual market value credit reimbursement amounts, after reduction under this subdivision, to the affected taxing jurisdictions as provided in this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 3. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in

accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or credits payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause is equal to the amount unallotted or reduced in the calendar year in which the tax is levied unless the unallotment or reduction amount is not known by September 1 of the levy year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case the unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related

equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to ~~credits~~ market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 4. Minnesota Statutes 2009 Supplement, section 477A.011, subdivision 36, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and
- (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

- (1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

- (1) the city had a population in 1998 that is greater than 200 but less than 500;
- (2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;
- (3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;
- (4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and
- (5) the city's formula aid for aids payable in 2000 was greater than zero.

(j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002 only, provided that:

- (1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;
- (2) the population of the city declined more than two percent between 1988 and 1998;
- (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and
- (4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

- (1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or
- (2) \$2,500,000.

(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

- (1) the city is located in the seven-county metropolitan area;
- (2) its population in 2000 is between 10,000 and 20,000; and
- (3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is

also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year 2009 only, provided that:

- (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
- (2) its home county is located within the seven-county metropolitan area;
- (3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900 per capita.

(n) The city aid base for a city is increased by \$200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by \$200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

(t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city:

(1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;

(2) has a 2005 population greater than 7,000 but less than 8,000; and

(3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by \$90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) In calendar year 2010 only, the city aid base for a city is increased by \$225,000 if it was eligible for a \$450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0133 or any future unallotment of the city aid under section 16A.152.

(z) The city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by \$25,000 in calendar year 2010 only if:

(1) the city is a first class city in the seven-county metropolitan area with a population below 300,000; and

(2) the city has made an equivalent grant to its local growers' association to reimburse up to \$1,000 each for membership fees and retail leases for members of the

association who farm in and around Dakota County and who incurred crop damage as a result of the hail storm in that area on July 10, 2008.

The payment under this paragraph is not subject to any aid reductions under section 477A.0133 or any future unallotment of the city aid under section 16A.152.

(aa) The city aid base for a city is increased by \$106,964 in 2011 only and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$106,964 in calendar year 2011 only, if the city had a population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in excess of 1,000 in 2007 and that was less than 1,000 in 2008.

Sec. 5. Minnesota Statutes 2008, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in ~~2009~~ 2011 only, the total aid in the previous year for any city shall ~~not exceed the sum of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year~~ mean the amount of aid it was certified to receive for aids payable in 2010 under this section minus the amount of its aid reduction under section 477A.0134. For aids payable in 2012 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 6. **[477A.0134] ADDITIONAL 2010 AID AND CREDIT REDUCTIONS.**

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) The "2010 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2010, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2010 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2010, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

Subd. 2. 2010 reductions; counties and cities. The commissioner of revenue must compute additional 2010 aid and credit reimbursement reduction amounts for each county and city under this section, after implementing any reduction of county program aid under section 477A.0124, local government aid under section 477A.013, or market value credit reimbursements under section 273.1384, to reflect the reduction of allotments under section 16A.152.

The additional reduction amounts under this section are limited to the sum of the amount of county program aid under section 477A.0124, local government aid under section 477A.013, and market value credit reimbursements under section 273.1384 payable to the county or city in 2010 before the reductions in this section, but after the reductions for unallotments.

The reduction amount under this section is applied first to reduce the amount payable to the county or city in 2010 as market value credit reimbursements under section 273.1384, and then if necessary, to reduce the amount payable as either county program aid under section 477A.0124 in the case of a county, or local government aid under section 477A.013 in the case of a city.

No aid or reimbursement amount is reduced to less than zero under this section.

The additional 2010 aid reduction amount for a county is equal to 1.82767 percent of the county's 2010 revenue base. The additional 2010 aid reduction amount for a city is equal to the lesser of (1) 3.4287 percent of the city's 2010 revenue base or (2) \$28 multiplied by the city's 2008 population.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2008, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in ~~2009~~ 2011 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$526,148,487, subject to adjustment in subdivision 5~~ \$527,100,646.

EFFECTIVE DATE. This section is effective for aids payable in 2011 and thereafter.

Sec. 8. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in ~~2009~~ 2011 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$111,500,000 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5 \$96,395,000.~~ Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2009~~ 2011 and thereafter, the total aid under section 477A.0124, subdivision 4, is ~~\$116,132,923 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5 \$101,309,575.~~ The commissioner of management and budget shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of management and budget and the commissioner of education for the preparation of local impact notes.

EFFECTIVE DATE. This section is effective for aids payable in 2011 and thereafter.

Sec. 9. Laws 2008, chapter 366, article 2, section 12, is amended to read:

Sec. 12. STUDY OF AIDS TO LOCAL GOVERNMENTS.

The chairs of the senate and house of representatives committees with jurisdiction over taxes shall each appoint five members to a study group of the tax committees to examine the current system of aids to local governments and make recommendations on improvements to the system. Of the five members appointed by each chair, two must be members of the tax committee, one of whom is a majority party member and one of whom is a minority party member. The remaining members must represent local units of government. The chairs of the divisions of the tax committees having jurisdiction over property taxes shall also be members and shall serve as cochairs of the study group. The study shall include, but not be limited to, consideration of existing disparities in the distribution of local government aid, an analysis of current law need and capacity factors as well as alternative need factors, alternative analytical methods for determining correlations between factors and need, the formula used to calculate aid for small cities,

and volatility in the local government aid distribution. The group must report on its specific recommendations to the legislature by December 15, ~~2010~~ 2012.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. **REPEALER.**

(a) Minnesota Statutes 2008, section 477A.03, subdivision 5, is repealed.

(b) Laws 2009, chapter 88, article 12, section 21, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for aids payable in 2011 and thereafter. Paragraph (b) is effective retroactively from July 1, 2009.

Presented to the governor March 29, 2010

Signed by the governor April 1, 2010, 10:25 a.m.